

Analysts expect some liquidation of U.S. beef cow herd

By CAROL RYAN DUMAS
Capital Press

Dry weather in parts of the U.S. since last fall is likely to send more beef cattle to slaughter this summer, RaboResearch analysts say in their latest quarterly report.

Cow slaughter numbers are already tracking 10 percent higher compared to 2017, and the likelihood of some level of forced liquidation during the coming grazing season is very high, they said.

In the latest U.S. Drought Monitor, a total of 20 states — where 70 percent of the U.S. beef cow herd resides — were reporting some degree of drought stress. The eight states reporting either extreme or exceptional drought conditions across the Southwest include 34 percent of the cow herd.

“Spring is the best chance of getting seasonal rains. If those rains fail to develop over the next 60 days, the risk of some degree of drought liquidation is going to occur rapidly,” the analysts said in late May.

In the feeder and fed cattle arena, drought conditions



Associated Press File

Cattle lounge in pens at a feedlot near Lubbock, Texas. Dry weather is forcing cattle producers to reduce their herds in 20 states.

across major wheat-grazing regions beginning last summer forced the early placement of calves into grow yards and feedlots.

The forced placements drove cattle on feed numbers substantially higher and are creating the risk of bunched marketings of fed cattle this summer.

“We’re going to see a slug of fed cattle now through August,” Don Close, a RaboResearch senior analyst, told Capital Press.

Fed cattle could trade

below \$100 per hundredweight in July and August, but markets could have an impressive rally after that. Fed cattle prices of \$120 per hundredweight by the fourth quarter would not be out of line, he said.

The aggressive placements from September through January pulled down the available supply of feeder cattle outside feedlots, and placements should be at or below year-ago levels in the months ahead, he said.

That will “substantially

reduce fed cattle availability in late third quarter and fourth quarter,” he said.

In the marketplace, live cattle futures have been under consistent pressure since peaking in late October and early November.

“Futures have not only been under pressure due to concerns of increased beef production but also amid concerns of increasing supplies of competitive proteins, especially pork,” the analysts said.

Futures have been trading

at a discount to cash markets, from \$8 to \$20 per hundredweight, Close said.

“The markets have been screaming at these guys to sell cash cattle as aggressively as possible,” he said.

But that price difference is going to narrow and transition to a point where it will encourage them to defer sales, he said.

While feeder cattle prices have been pressured by the early placements, there’s a bright light ahead. The reduced supplies outside feed yards should be price-supportive for summer and the second half of the year, the analysts said.

Feed costs, however, are going to be an issue for the different industry sectors as fodder and grain prices are starting to rise.

“The increased usage of hay for feeding — following dry conditions and a moderate to severe winter — is driving hay prices higher, making forced feeding more expensive,” the analysts said.

A reduction in corn acres and a late spring that delayed planting have also caused feed grain prices to move higher, they said.

Long-time ag pilot dies in Oklahoma accident

By CRAIG REED
For the Capital Press

Andy Deterding, a crop duster pilot who flew for several decades over many acres of southwestern Oregon, died in a plane accident on May 30.

Deterding, 57, was flying and spraying a herbicide over a field just north of El Reno, Okla., when he made a turn, hit a guy wire on a cell tower and crashed to the ground. He was the only person in the plane and was pronounced dead at the scene.



Andy Deterding

His business, Andy Deterding Ag Aviation, is based in Pond Creek, Okla. However, for over 30 years, he had flown seed and fertilizer onto hillside pastures in Douglas and Coos counties, seed onto Bureau of Land Management ground that had been burned and lime onto some Oregon Christmas tree plantations. Deterding worked in Oregon in August, September, October and early November.

Ranchers who worked with him remembered him as both a friend and a professional pilot.

“The thing I want people to know about Andy is that he was more than just a pilot who flew fertilizer on your fields, he became a friend,” said George Sandberg, a Roseburg, Ore., area rancher and president of the Douglas County Farmers Cooperative’s board of directors. “This is a tragedy, a great loss.”

The co-op coordinated the delivery of seed and fertilizer with Deterding’s flying schedule on the different ranches when he came to Douglas County.

“Everybody wanted Andy when the first rains would come late in the summer,” said Melvin Burke, the co-op’s general manager. “It was a tradition for him to come here. His arrival helped kick off the fall season. When you heard Andy flying, you knew the grass was beginning to grow.”

Burke said Deterding understood the importance of getting the product on the ground because growing grass for the livestock meant not having to buy hay to feed.

“For Andy, it was not just about putting fertilizer down by aerial application on the hillsides,” Burke said. “It was about timing for optimal grass growth before the fall rains. He did his best to have the fertilizer and seed down in time for optimal growth before the fall weather turned too cold.”

“Secondly, the fertilizer was there and in place when the spring weather returned the next year,” Burke explained. “He could cover areas with that plane that people couldn’t get with ground equipment.”

Burke estimated Deterding flew several tons of fertilizer and seed onto hillside pastures in Douglas County each year.

Dan Dawson, another Douglas County rancher, was a small boy when he first met Deterding about 30 years ago.

“You couldn’t meet a better guy,” Dawson said. “He was a good-hearted, nice guy.”

“He flew seed and fertilizer for all of us around here,” Dawson added. “We couldn’t have had anyone better. He knew every ranch in this area. There are so many valleys here and he knew the air currents in every one of them. You didn’t have to tell him twice what you wanted done.”

David and Jill Kennedy, who ranch in the Oakland, Ore., area, had Deterding over to their house for many dinners when he was in Douglas County. On two occasions, he had Thanksgiving dinner with the Kennedys because rainy weather in mid-November prevented him from flying home.

“We’re all just very fond of Andy,” said Jill Kennedy. “He was always just a happy guy. When he laughed, his whole body laughed.”

Idaho Power irrigation rates drop in Idaho, rise in Oregon

By BRAD CARLSON
Capital Press

Idaho Power Co. on June 1 decreased rates by about 4.25 percent for irrigation customers in Idaho, but the Boise-based company slightly increased rates its irrigation customers in Oregon pay.

Tax reforms eased irrigation rates in both states. Oregon customers, however, will pay higher rates because of added costs that include ceasing two coal-fired generating operations.

In Idaho, irrigation rates are dropping by 2.33 percent because of recent tax reforms and by 1.91 percent based on the annual power-cost adjust-

ment, Idaho Power said in a statement.

The Idaho Public Utilities Commission approved the company’s request, commission spokesman Matt Evans said.

Idaho Power each year applies to the commission for a power-cost adjustment reflecting cost increases or savings the company realized in providing power to customers. Company spokesman Jordan Rodriguez said the adjustment takes into account factors such as coal and natural gas prices, and the amount of water available for generating hydroelectric power — the company’s most cost-effective source. If the company

has more water available for hydroelectric power generation, it can spend less on other sources.

Federal and state tax reforms that generated cost savings for Idaho Power prompted the company and commission to settle on a method by which the company shares those savings with customers. The method, reflected in the new rate package the commission approved, includes a reduction in base rates and a cost offset, the commission said in a release.

Idaho Power is decreasing rates by 7.04 percent overall in Idaho for residential customers and by 6.63 percent

for small, general-service customers. Other decreases are 4.48 percent for large general service customers and 5.52 percent for large power users.

The annual fixed-cost adjustment accounted for over half the reduction for residential customers and just over half for small general-service customers — 3.6 and 3.73 percentage points, respectively.

Evans said irrigation, large power and large general-service users are not subject to the fixed-cost adjustment because the commission hasn’t applied it to them to date. And these users have access to other programs that can help Idaho Power manage its

costs, such as an incentive for irrigators to have pumps shut off during periods of peak demand, he said.

Idaho Power said its irrigation customers in Oregon would see a combined 2.49 percent increase in rates.

For its Oregon irrigation customers, a 2.69 percent rate decrease due to tax reform was offset by a 3.51 percent increase associated with early cessation of coal-fired operations at the Boardman, Ore., and North Valmy, Nev., power plants — lower than for other customer classes — and a 1.68 percent increase for the annual power-cost update and power-cost adjustment combined, Idaho Power said.



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