

Cattle, beef supplies still growing

By CAROL RYAN DUMAS
Capital Press

BURLEY, Idaho — With a beef cow inventory that's still on the rise, a healthy economy and strong demand for beef will be critical for Idaho's cattle producers in the year ahead.

USDA is forecasting producers will add 180,000 head to the beef cow inventory in 2019 and another 100,000 head in 2020 before leveling off in 2021, Joel Packham, Cassia County extension educator, told producers at the University of Idaho's annual outlook seminar on Wednesday.

"All this building of inventory can't help prices," he said.

The calf crop goes hand-in-hand with cow inventory and is forecast up 0.6 percent in 2019 and 0.3 percent in 2020, and there are plenty of cattle on feed. The number of heifers held



Carol Ryan Dumas/Capital Press

Joel Packham, Cassia County extension educator, gives an outlook on beef and cattle during the University of Idaho outlook seminar in Burley on Dec. 12.

for replacement is slowing, but those numbers are still expanding, he said.

"We haven't turned the corner yet," he said.

Beef production continues to rise. Even without an increase in the number of animals, the long-term average increase in carcass rates has been 5 pounds per year, he said.

With increasing cattle

numbers and a lot of kill plants going out of business between 2000 and 2018, meatpackers hold all the power, he said.

"I don't see that changing in the near future," he said.

Packers took a bath between 2012 and 2014 after a drought in Texas took a lot of cattle out of the market. They want to make money, and they will until

more capacity is built, he said.

Increased supplies of pork and poultry are also a limiting factor for beef and cattle prices. The good news is, demand for beef is holding, he said.

"The economy is really strong ... the industry is producing record amounts of high-quality beef, and demand is responding," he said.

Exports are also providing a boost, and the export value per head continues to increase. Exports account for about 12 percent of U.S. production, and export value in 2019 is forecast at \$360 per head of all fed cattle slaughtered in the U.S., he said.

CattleFax is forecasting average prices for 2019 of \$115 per hundredweight for fed steers, \$144 per hundredweight for 750-pound feeder steers and \$157 per hundredweight for 550-pound steer calves.

"I'm surprised we're holding the price we are with the amount of supply, he said.

The price for bred cows is forecast at \$1,500 to \$1,600, with profitability continuing to support bred cow values. But cull cow prices haven't found a bottom, he said.

"Dairy is not helping the beef industry; they're dumping cows on the market all the time. The cull cow price is going to suffer," he said.

Looking ahead, exports must continue and trade issues must be settled. A strong economy is also critical, but a recession could happen any time, he said.

He advised cow-calf producers to find a way to be low-cost and high-return producers.

For years, extension educators told producers to get as much production as possible. Instead they should have told them to get their costs as low as possible, he said.

DAIRY
MARKETS

Lee Mielke



Dairy prices strengthen

By LEE MIELKE
For the Capital Press

Dairy prices strengthened the second week of December as traders awaited the last Global Dairy Trade auction of 2018 on Tuesday, plus Wednesday afternoon's November Milk Production report.

Cheddar block cheese, after falling to \$1.33 per pound last Monday, lowest CME level since May, 2016, rallied and closed Friday at \$1.4075, up 5 3/4-cents on the week but 12 1/4-cents below a year ago. The barrels finished at \$1.31, up 8 3/4-cents on the week and 35 cents below a year ago. Five cars of block were sold on the week and 27 of barrel.

The blocks inched up a quarter-cent Monday and stayed there Tuesday at \$1.41. The barrels were up a penny Monday, hitting \$1.32, and held there Tuesday, 9 cents below the blocks.

Demand reports are on the slower side ahead of the end-of-year holidays, says Dairy Market News, though cheese output saw some upticks. The spot milk price range widened from \$3 under to \$2.50 over Class III. Some plant managers suggest production upticks will last until the last week of December, then drop off through Jan. 1. Midwestern cheese inventories are generally heavy, but some managers relay that their stocks are intentionally "scant." Cheese markets are far from healthy, says DMN.

Cheese production is very active in the West with most facilities at full capacity or close to it. Inventories surpass demand but end of the year buying interest is stable to up a bit. The low price trends are enhancing sales but buyers are closely monitoring prices and limiting purchases as they have enough inventory. The U.S. market tone is weaker, but remains competitive, according to DMN.

Butter fell to \$2.1750 per pound last Thursday, lowest CME price since July 6, 2018, but closed Friday at \$2.19, still 1 3/4-cents lower on the week and 5 1/2-cents below a year ago. Only 1 sale was reported last week.

The butter was down a half-cent Monday but gained a penny and a half Tuesday, hitting \$2.20, with 7 cars trading hands.

Churns have begun to run actively in the Central region, according to DMN. "As cream prices continue their seasonal declivity, butter plants are building stocks for the spring holiday demand push early in 2019."

Milk prices may rise next year; overproduction an issue

By CAROL RYAN DUMAS
Capital Press

BURLEY, Idaho — If market forecasts prove accurate, dairy farmers should see some improvement in prices in 2019.

"But it's going to be a few tough months ahead and has been (tough) for a few years," Rick Naerebout, CEO of Idaho Dairyman's Association, said at the University of Idaho annual outlook seminar on Wednesday.

The global milk supply is trending lower, and there should be a bit of correction in supply and demand this coming year, he said.

Cow numbers are dropping in the U.S. due to financial pressure. But milk per cow is increasing due to improved genetics, sexed semen and producers hanging onto the best producing cows. Growth has slowed to about a 1 percent increase year over year nationally and in Idaho, he said.

"Milk production is starting to slow down, but it's still positive," he said.

He expects some negative production in 2019, saying the situation is going to be "messy."



Carol Ryan Dumas/Capital Press

Rick Naerebout, left, CEO of Idaho Dairyman's Association, talks with producer Gary Hansen during the University of Idaho outlook seminar in Burley on Dec. 12.

The most bullish U.S. forecast puts next year's average prices at \$1.60 a pound for block cheese, \$0.40 for whey, \$2.12 for butter and \$0.98 for nonfat dry milk.

It looks like U.S. prices will have some premiums over world markets, so it might knock out some milk production in other countries, he said.

Class IV milk in federal

marketing orders is forecast at \$15.20 per hundredweight, and Class III is forecast at \$15.67.

Idaho doesn't belong to a federal order, however, and milk prices are generally \$1 a hundredweight lower, he said.

"We've got excess milk in Idaho, 1.5 to 2 million pounds a day," he said.

Low milk prices are painful, but if Idaho is still

producing excess at that price, it's not sending the right message, he said.

On average, Idaho loses about 15 dairies a year, but it's had some significant dispersal sales due to lost markets, he said.

"We've never seen that before. It's only the last two years we've seen herds go out of business because there's nowhere to sell milk," he said.

Fish and Wildlife director: Agency must earn ranchers' trust

By MATTHEW WEAVER
Capital Press

COLVILLE, Wash. — The new director of the Washington Department of Fish and Wildlife says his agency needs to rebuild trust with the state's ranchers.

Kelly Susewind, who took over leadership of the department four months ago, spoke to ranchers and hunters Dec. 8 during a public meeting in Colville, Wash. It was Susewind's fourth visit to the area since taking over the position.

Susewind said the department is committed to working with local teams on wolves.

"You don't have to be a rocket scientist to realize we don't have your trust," he told the audience. "That's one of my main objectives, to get that back. I can't just promise it, I've got to earn it. It's going to take time."

About 60 people attended the meeting.

Susewind told ranchers the department is subject to legislative action driven by the largest source of votes.

"That's the absolute worst way in the world to manage wildlife, is public sentiment, especially public that's voting on stuff that's happening not in their backyard," he said. "Sometimes people would like me to get a little more aggressive; I'm trying to make sure I manage it so we keep control and then I own the decisions."

The department ran out



Kelly Susewind

of money for range riders, has spent \$150,000 more than budgeted, and is working with legislators to keep the program running.

If they don't come through with more funding, he'll finish the biennium in the hole, he said.

"That's a bad first step out of the gate for a new

director, but we're serious about providing the protection," he said.

When an audience member told him he needed to do something to improve hunting licenses to help the department budget, Susewind replied, "I'll give you four months, ready, set, go fix things," to laughter in the room.

He hears their concerns and is working on them, he said.

"I can't offer more than that right now, today," he said. "I'm hoping to be back

here next year with some more concrete moves we've made and improvements."

Susewind and wolf policy lead Donny Martorello fielded questions for two hours.

Martorello said ranchers have shared with him the seen and unseen impacts of livestock deaths, including reduced pregnancy rates, weight loss and lost calves.

The department is falling short, he said.

"When I took this job ... that's not the goalpost I was aiming for," he said.

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