

Analyst: Better times ahead for dairy farmers

By CAROL RYAN DUMAS
Capital Press

Tight cheddar cheese supplies are fueling Class III milk prices to the highest level in nearly five years.

USDA’s announced price for Class III in federal milk marketing orders was \$18.72 per hundredweight in October, and the November futures price is above \$20.

Cash prices on the Chicago Mercantile were at \$2.15 a pound for block cheese and \$2.32 for barrel cheese Nov. 1. Barrel prices have increased 67 cents a pound and blocks have increased 20 cents a pound in the last five weeks

There’s some “pretty exciting stuff” going on, Matt Gould, dairy analyst with Dairy Market Analyst, said.



Carol Ryan Dumas/Capital Press File
Class III milk prices have hit a five-year high.

Cheddar cheese stocks that were at an all-time high in the first part of the year have been drawn down and are reported as tight, and cheddar cheese production continues to be

constrained, he said.

“Milk is still in short supply in the Midwest,” he said.

Associated Milk Producers Inc. announced it is shutting down its American-style cheese plant in Minnesota, citing a big decline in producer numbers. In addition, Land O’Lakes is closing its cheese plant in Orland, Calif., he said.

“Cheese exports aren’t very good, but domestic retail sales have been solid,” growing 2% to 3%, he said.

That and tight supplies of cheddar are driving Class III prices, he said.

Class IV milk prices have also been climbing, with the CME cash price for nonfat dry milk at nearly a five-year high on Nov. 1 at \$1.18 a pound.

The biggest driver is that the massive powder inventories in the EU

are gone. Those inventories, at more than 800 million pounds, have been overhanging the market since 2015, he said.

The situation for 2020 is setting up for the highest milk prices on average since 2014, he said.

“The next five years is going to be a lot better than the last five,” he said.

In 2016, it was hard to see the light at the end of the tunnel. Now the industry is back to profitable milk prices after five years, he said.

The EU lifted its quotas on milk production in 2015, and producers increased supply. But that can only happen once, and supply growth around the world is constrained, he said.

Prices for replacement heifers are a good barometer of producer sentiment, and they are improving. In

Pennsylvania, the price of a springer heifer was \$800 to \$900 last spring. Now it’s \$1,600 to \$1,650, he said.

“It is nice to be able to talk about better times ahead for dairy farmers,” he said.

The story will be a little different across the country, but Midwest producers have or will soon be receiving their first milk check in years for \$20 per hundredweight, he said.

Milk prices are finally profitable, but that doesn’t mean there will be a windfall, he said.

“We’ve had a tough, tough half decade. It’s been heartbreaking,” he said.

Producers will probably pay off debt, feed lines of credit and operating loans, he said.

“A lot of that’s got to get paid back,” he said.

California wildfire risk could drag into December

By BRAD CARLSON
Capital Press

Wildfire risk will remain substantial in much of California through at least this month, the National Interagency Fire Center said Nov. 1 in its monthly National Significant Wildfire Potential Outlook.

Risk will persist into December in some areas.

“The best scenario would be for rain or snow to move into the West from a series of strong early winter storms,” NIFC meteorologist Bryan Henry said in an interview. “Unfortunately, that does not appear likely over the next several weeks.”

But California soon could see less pressure from warm and fast-moving Santa Ana winds, which blow from high meteorological pressure to low over the Sierra Nevada, accelerating and drying as they move downslope.

“The weather patterns that promote Santa Ana wind events need to change, and that is expected to occur beginning today,” Henry said Nov. 1.

Western fire activity this time of year is driven almost exclusively by wind events, he said. Recent Santa Ana wind speeds of 50 to 60 mph, with gusts nearing 75, have been common recently, “along with low humidities,” he said.

“We have seen humidity values as low as 1% across portions of Southern California for two days, which is extraordinary.” Usually, 3 to 4% humidities are considered low.

Earlier weather and fuel



Courtesy California Department of Forestry and Fire Protection
A wildfire burns Oct. 19. Wildfire risk in California will remain substantial through November, according to the National Interagency Fire Center.

conditions also are in play.

Henry said precipitation over the last two to three months has been less than 25% of the long-term average across most of the Great Basin and California, and less than 5% in some areas.

Current dry conditions could cause trouble in early 2020.

“This is the last time, before it goes dormant, for vegetation to take up moisture in its root system, the effect being that when it exits dormancy in the spring, it’s already stressed from fall drought no matter what happens this winter,” Henry said. In 2020, “we could have some early issues with fire activity.”

Wildfires burning in California are consuming grasses and other fine fuels plumped by wetter-than-usual conditions from last winter into early summer, he said.

This year’s fuel crop “is providing for a more continuous fuel bed” that is not slowed or broken up by

patches of barren ground or rock, Henry said. “Fires under the right weather conditions are able to burn more intensely. It kind of leaves the basis for what happened in the last couple of weeks.”

Boise-based NIFC on Nov. 1 said Southern California has above-normal significant large-fire potential, with acres burned for a given area exceeding the 10-year median, during November and early December at middle elevations and in areas prone to east winds. Other areas have normal potential.

Above-normal risk is predicted in Northern California in November, particularly the month’s first half, in the Sacramento Valley and foothills, western slopes of Sierra and Cascade mountain ranges, and part of the Mid Coast.

NIFC said sea-surface temperatures surrounding the Hawaiian Islands are warmer than normal — which should continue through February, leading to above-average temperatures in the region

that includes Northern California.

California wildfires early Nov. 1 (Source: NIFC)

Kincade, 10 miles northeast of Geyersville, 77,758 acres, 65% contained.

South, 15 miles south of

Platina, 5,332 acres, 76% contained.

Getty, one mile south of West Lake Village, 745 acres, 66% contained.

Burris, four miles south of Potter Valley, 703 acres, 94% contained.

Hill, three miles southeast of Ontario, 628 acres, 90% contained.

46th, Riverside area, 300 acres, 70% contained.

Caples, Eldorado National Forest, fully contained at 3,435 acres.

Country-of-origin labeling resurfaces in Senate

By CAROL RYAN DUMAS
Capital Press

Beef labeling issues gained attention on Capitol Hill last week, drawing mixed reactions from cattle producers.

Sen. John Tester, D-Mont., introduced a resolution Oct. 30 calling for congressional support for country-of-origin labeling for beef and pork.

The same day, Republican Sen.s Mike Rounds and John Thune of South Dakota introduced the Beef Integrity Act to restrict the use of “Product of the USA” in voluntary labeling to beef from cattle that are born, raised and slaughtered in the U.S.

Both measures are supported by U.S. Cattlemen’s Association and R-CALF USA, but they raise red flags for National Cattlemen’s Beef Association.

For USCA, it’s a matter of truth in labeling, Kenny Graner, a North Dakota rancher and USCA president, said.

Since country-of origin (COOL) was repealed for beef in 2015, the label means nothing. Beef from other countries can be salted, cooked, cut or simply repackaged in the U.S. and be labeled as a product of the U.S. under USDA voluntary labeling policy, he said.

The same is true for beef

from imported cattle slaughtered and processed in the U.S.

“Processors can just slap a (U.S.) label on it,” he said.

The U.S. imports beef from 20 countries, which have lower standards of production and processing. The U.S. also imports cattle for beef production from Canada and Mexico, he said.

Graner said the deceptive labeling of those products puts U.S. cattle producers at a disadvantage.

He maintains that the U.S. has the highest standards in the world for genetics, production and processing, and that makes a difference in the taste of beef. If consumers had the ability to taste that difference, USCA believes it would increase demand for true U.S. beef, he said.

In October, USCA filed a petition with USDA’s Food Safety and Inspection Service to restrict labels of “Product of USA” and “Made in USA” to beef from cattle born, raised and harvested in the U.S.

The Beef Integrity Act is putting light on the petition to get FSIS to act to stop deceptive labeling, he said.

“Right now there’s no oversight, period ... the label means nothing,” he said.

USCA’s first priority is to stop the deception in vol-

untary labeling, but the ultimate goal is mandatory country-of-origin labeling.

National Cattlemen’s Beef Association, however, contends a return to COOL would have costly consequences.

Such a move would subject the U.S. industry to \$1 billion in retaliatory tariffs, Ethan Lane, NCBA vice president of government affairs, said.

The World Trade Organization ruled four times that COOL for beef and pork violated U.S. trade obligations and discriminated against imported cattle and hogs from Canada and imported cattle from Mexico. It authorized \$1 billion in retaliatory tariffs in 2015, resulting in congressional repeal of the law for beef and pork.

Those tariffs would be immediately effective if COOL were reinstated, Lane said.

USCA’s Graner disagrees.

COOL is in effect for other food products — such as nuts, fruits, poultry and fish — and the WTO issues with beef could be corrected, he said.

As for the Beef Integrity Act, NCBA’s concern is it would trigger the same result as COOL even though it doesn’t involve a mandatory label, Lane said.



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Santiam Building Classroom

Two Days To Choose From

CORE Training is complimentary with \$4 admission to the expo. No registration is required.

A maximum of 4 credits are available (pending)

- **10:30a -12:30p** • (2 CORE credits)
Worker Protection Standard, What Does It Look Like On Your Farm, Kaci Buhl
Pesticide Fate in Off-target Environment and Mitigation Measures, Jeff Jenkins
- **11:00a** • Pape Group, David Gaffney, Corporate Fleet Compliance Specialist
Transportation Compliance Overview which covers:
 - DOT requirements and recordkeeping.
 - Load securement, specific to machinery regulations.
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 - Commercial driver's license requirements.
 - Size and weight limits.
 - Farm exceptions.
- **12:30p-2p Lunch Break** • on own, concessions available
- **2:00p-4:00p** • (2 CORE credits)
Oregon Agriculture Current Issues and Lesson Learned 2019, Andrea Sonnen (ODA)

WEDNESDAY, NOVEMBER 13

- **10:30a** • Forklift Certification Training – Santiam Classroom (Advanced online registration required, free with admission) Includes classroom, workbook written knowledge check verification followed by a driving evaluation. Program provided by Overton Safety Training and Pape Material Handlings. Class limited to 40, and is provided in English only, attendees must be able to test in English.
- **10:30a –12:00p** • CPR / Aed With Standard First Aid (Advanced online registration required and \$35 fee)
- **1:00p – 5:00p** • Train The Trainer Forklift Course - Details Online
- **1:00p – 2:00p** • Standard First Aid (Advanced online registration required & \$15 fee)

Forklift Certification Training – **10:30a.m**

THURSDAY, NOVEMBER 14

Santiam Building Classroom

- **10:30a -12:30p** • (2 CORE credits)
Worker Protection Standard, What Does It Look Like On Your Farm, Kaci Buhl
Pesticide Fate In Off-target Environment And Mitigation Measures, Jeff Jenkins
- **12:30p-2p Lunch Break** • on own, concessions available
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