Farmers pull back on buying machinery

By MATEUSZ PERKOWSKI
Capital Press

Coronavirus disruptions have already caused farm machinery sales to plunge but it's not certain the outbreak will destabilize the market in the long term, experts say.

Total farm tractors sales were down 15% by volume last month compared to the previous year, while combine sales by volume fell 12%, according to the Association of Equipment Manufacturers.

"Those March numbers just fell off a cliff," said Curt Blades, AEM's senior vice president of agricultural services.

One month of sales data isn't enough to establish a trend, especially since the financial impacts from the coronavirus outbreak didn't hit until late March, Blades said.

In light of the "barrage" of bad economic news, though, "it is not just business as usual," he said. "There's a whole lot of emotion that goes into equipment purchases as well."

Though crop production tends not to rise or fall sharply in the short term, growers do reduce spending in reaction to economic data, said Scott Pope, machinery analyst with the Morningstar financial services company.

"Anytime there's a panic, farmers — like anyone else making long-term investments — pull back," Pope said. "It's easy for farmers to say, 'We'll hold onto that tractor or combine for an extra season.'"

The outlook for commodity crops, which affect machinery demand, isn't positive as the outbreak's impacts reverberate through the economy, he said.

More than 40% of the nation's corn goes into producing ethanol, which suffers along with oil when people drastically reduce driving, he said.

"There's not a huge demand for blending right now," Pope said.

Fuel efficiency is one of the drivers for buying newer machinery, but it's not as much of an incentive when diesel prices are low, he said.

Restaurant closures have reduced the consumption of meat, hurting livestock producers who are major customers of feed crops, he said.

The percentage of crops that go unharvested may rise in 2020, reducing machinery usage and thus demand for replacement equipment, Pope said.

Smaller farmers who are suffering financially may also be less willing to buy used machinery, which in turn makes larger farmers less likely to sell their tractors and combines to make way for new ones, he said.

Though the immediate forecast for farm machinery sales looks bleak, the industry probably isn't facing a "nightmare scenario" of multiple years of severely depressed demand, Pope said.

"All the data we have now, this is looking to be a temporary phenomenon," he said.

Before the coronavirus pummeled the U.S. economy in March, sales of larger tractors used in commercial agriculture were stable or positive.

Those with more than 100 horsepower saw an upswing of 13% in volume during the first two months of 2020, while sales of four-wheel drive tractors were flat.

Tractors with more than 100 horsepower saw sales increase 3.5% by volume in 2019 while those with four-wheel drive grew by 5.6%.

Sales of combines by volume decreased by less than 1% last year but experienced a steep 22% decline even before the impact of the coronavirus was felt during the first couple months of 2020.

The AEM was expecting 2020 to be "a little soft" but was hoping for a "nice recovery" in 2021 based on farm income forecasts, said Blades.

At this point, manufacturers are focused on new safety and disinfection measures to keep their employees healthy, he said.

"The members are telling me their number one priority is to keep the supply chains open," Blades said.


AGCO
Sales of tractors and combines fell sharply in March as the COVID-19 shutdowns convinced farmers to pull back on investments. Analysts say the pullback is likely to be temporary.


IDFG
A photo of a wolf taken by a remote Idaho Department of Fish and Game camera.

Idaho wildlife managers prepare cameras for wolf count

By BRAD CARLSON
Capital Press

Idaho Department of Fish and Game managers are gearing up for the agency's annual count of wolves. Currently, Idaho has more than 1,000 wolves.

The department plans to place 569 cameras across the state from May 1 to July 1, public information supervisor Roger Phillips said. That's the same number of cameras as last year.

About 11 million images and data from sites known to have wolves will be analyzed using computers and incorporated into a map.

"We are hopefully going to repeat what we did last year — we hope we learned some things — and see the start of a trend, even though it is only two years," he said.

Idaho's wolf population has soared since 1995, when 15 were reintroduced by the federal government. Twenty were released the following year.

The state took over management several years ago. Livestock depredation is among the major issues surrounding wolves, which generally are found north of Interstate 84.

"This does provide us with more and better data, which always helps us do a better job of managing these animals," Phillips said.

Wolves are no longer protected in Idaho, which took over their management from the federal government over a five-year period starting in 2011.

Idaho for 2019 and this year expanded its wolf trapping and hunting seasons.

"This will give some indication if the expansion of those seasons has affected the statewide wolf population," Phillips said.

Staff on Jan. 23 reported to the Idaho Fish and Game Commission that the state had an estimated 1,541 wolves in the summer of 2019, a peak shortly after pups were born.

The population by the 2019-20 winter dropped to just above 1,000 after 327 wolves were killed through hunting, trapping, management actions and other human causes, and 208 died of natural causes based on researchers' estimates.

The 2015 count, done during winter when populations are lower, produced an estimated Idaho wolf population of 786, Phillips said.

Fish and Game cameras capture images of every passing bird and animal, so a computer program is used to identify wolves in the many pictures collected and processed over the fall and winter.

Fish and Game does not receive general fund money from the Idaho Legislature. The department is funded by license and tag revenue and federal money.

Timeline delayed for Oregon intermodal projects

By MATEUSZ PERKOWSKI
Capital Press

Oregon transportation regulators are postponing key objectives that truck-to-rail reload projects in the Willamette and Treasure valleys must complete to secure further funding.

Both intermodal facilities are intended to improve the efficiency of shipping farm goods, but their economic underpinnings were cast into doubt during a review conducted for the Oregon Transportation Commission.

The mid-Willamette intermodal facility in Millersburg, Ore., is meant to allow farm goods to be shipped by rail to maritime ports along Washington's Puget Sound, instead of relying on trucks that get bogged down in traffic in Portland, Ore.

The Treasure Valley intermodal facility in Nyssa, Ore., would let local farmers load their onions directly onto rail cars bound for major markets rather than first trucking them to a reload center farther away in Eastern Washington.

An economic analysis conducted by the Tioga Group, a transportation consultant, determined that both projects faced serious hurdles to long-term financial sustainability, such as handling sufficient volumes of product and offering cost-competitive shipping rates.

Though the Oregon Transportation Commission decided to fund both facilities last year, it didn't authorize project sponsors to spend the full $25 million for the Millersburg site or the $26 million for the Nyssa site that had previously been approved by lawmakers.

Instead, project sponsors would incrementally have to reach certain milestones to unlock further rounds of state funding from the Connect Oregon transportation grant program. In September 2019, the Millersburg facility received an initial $376,000 while the Nyssa site received $525,0000.

Earlier this year, the Millersburg facility was set to receive $7 million while the Nyssa facility was to receive $1.6 million as long as they met certain milestones.

Both projects were to submit fully executed agreements with terminal operators as well as updated financial statements to demonstrate their viability by the end of the year. The updated financial data and operator agreement are now due on Sept. 30 for the Millersburg site. For the Nyssa site, the financial data is due June 1 and the operator agreement is due Oct. 30.

Project sponsors for Millersburg site could not come to terms with Northwest Container Services, an intermodal operator that was intended to run the facility, said Roger Nyquist, chairman of the Linn County Board of Commissioners, which supports the project.

Five applicants have since submitted proposals to operate the facility and a new agreement should be in place by summer, Nyquist said.

"If long term this didn't pencil, people wouldn't be interested," he said. "We feel good about it being a good deal for the taxpayers."

Aside from the operator agreement, there are also issues that must be resolved regarding how the facility will interface with the railroad, he said. "We would have been asking to change the order of the milestones."

Kevin Mannix, an attorney and proponent of a competing site in Brooks, Ore., said the plan for Northwest Container Services was a major reason the Millersburg site won out over the project proposed by his Oregon Shipping Group.

"They took advantage of that relationship and made it a critical aspect of their government award," he said. "It's like the A-team no longer has the A-team leader."

However, Northwest Container Services still plans to compete for the chance to operate the facility despite the initial agreement falling through, said Gary Cardwell, the company's divisional vice president.

In requesting a change to the Treasure Valley project timeline, the Malheur County Development Corp. said the Oregon Department of Transportation's policy of withholding 5% of the reimbursement for expenses was a "significant barrier to success" and "perhaps a deal breaker."

The agency withholds 5% of the reimbursements for invoices until all conditions of such transportation grants are completed.

Since then, though, the project sponsor has struck a deal with its contractors under which it also withholds 5% of payment for invoices until completion, said Greg Smith, the project manager.

"As we get paid, they'll get paid," Smith said, adding that it was an "issue of concern" that has since been resolved and won't be an impediment.

The project timelines had to be "re-ordered" because the facility operator needs to work in tandem with the railroad on the project's design, he said. "We can't get to that design until we get the railroad on board."

Under the new schedule, the facility design process will work more smoothly, Smith said. "In our view, the project is moving right ahead."


Mateusz Perkowski/Capital Press File
A container truck loaded with straw pulls away from a pressing facility in Salem, Ore. Straw is one of the agricultural exports that could benefit from an intermodal facility that switches containers from trucks to rail in the mid-Willamette Valley. Key milestones to unlock funding for the project have been delayed.