

# Smaller cherry crop yields higher prices

By DAN WHEAT  
For the Capital Press

WENATCHEE, Wash. — The Pacific Northwest cherry crop is smaller than anticipated, which is bringing strong prices after California's crop finished light.

The average freight-on-board price on Northwest red cherries was around \$52 per 20-pound box for the week of June 14-21, said Brian Focht, manager of the Northwest Cherry Marketing Association in Wenatchee. That's \$16 more per box than at the same time last year, he said.

It's common for the season's first cherries to garner \$70 per box or more for the first week of exports to Asia, but prices can be around \$20 by July as supply overtakes demand.

Increasing volume the week of June 21-28 will push prices down a little because demand will remain

stronger than supply, Focht said.

"Cherries are good and big. Retail is scrambling to get product for the Fourth of July to fill shelves," Focht said. "If we come out of the Fourth well with retailers wanting more right away, hopefully we can avoid deep discounts."

He said he would like to see cherries maintain retail prices of more than \$2 per pound this season rather than go to \$1.75 to \$1.80 per pound as has happened the last several years.

Growers need better returns because lighter per-acre yields this year increase their costs, he said.

"The way this thing is moving right now, it feels really good," Focht said. "Pricing should remain strong all season."

Whether returns are better than last year (which was good) "depends on who you talk to, location, timing and a lot of other variables," he said.



Dan Wheat/For the Capital Press

**Washington cherries from Chelan Fresh Marketing on sale in the East Wenatchee, Wash., Safeway store on June 14. A smaller crop is generating strong prices.**

The industry's promotional arm, Northwest Cherry Growers in Yakima, forecast a 20.2-million-box crop in May.

Harvest started 11 days earlier than normal on May 28 at Finley south of Pasco. But rain and cool weather slowed crop progression, resulting in "the slowest start to

harvest we have seen since 2013, which was the last time we had a rain-shortened crop," said B.J. Thurlby, president of Northwest Cherry Growers.

Rain damage to early varieties in the Yakima Valley reduced the crop estimate to 18 million boxes, and Thurlby said it soon may become 17 million. Focht said he guesses it will end up between 16 million and 17 million.

A little over 4 million boxes had been shipped by June 22, and Thurlby expects approximate totals of 6.5 million boxes in June, 9 million in July and 1.5 million in August. Peaks of about 500,000 boxes per day will occur about June 26 or 27 and the week of July 13, he said.

California's crop, always ahead of the Northwest, was mostly done by June 5 at 6.4 million 18-pound boxes. California's record is 9.6 million boxes in 2017.

Brenda Thomas, president of Orchard View Farms in The Dalles and Oregon's largest cherry grower, said multiple rains caused cullage from cracking and softness but that it would have been far worse without cool weather.

Oregon has a more normal size crop than Washington because it had less damage from spring frost and poor pollination, she said.

There's plenty of good cherries to be harvested through July, and the company is practicing due diligence daily in hand washing, social distancing and face coverings in orchards and the packing house to guard against COVID-19, she said.

Focht said orchard and packing productivity has suffered from social distancing.

COVID-19 apparently has been a bigger problem in Yakima County than elsewhere in Washington.

## Cattle slaughter running close to a year ago

By CAROL RYAN DUMAS  
Capital Press

BURLEY, Idaho — Slaughter plants are running closer to capacity and the backlog of cattle is shrinking as the industry shifts back into high gear after temporary COVID-19-related closures knocked it back on its heels, a marketing expert says.

Disruptions in meatpacking and beef demand due to the pandemic have thrown cattle markets into chaos over the last couple of months, fueling uncertainty about what the "new normal" might be.

But the industry will find a road back to normal and predictable activity, John Nalivka, president and owner of Sterling Marketing in Vale, Ore., told cattle producers at the Idaho Cattle Association annual summer conference on Monday.

In fact, "new normal" isn't even in his vocabulary. The industry will get back to knowing what's going on, he said.

On the supply side, the top topic is the backlog of cattle due to packing plant closures and slowdowns — and he doesn't think it's as big as some have estimated. Tracing back through the process, he thinks the backlog is about 500,000 head, much less than the 1.0 million to 1.5 million estimated by other industry analysts.

"We came into the year with a pretty big number of cattle on feed," he said.

But the number of cattle on feed on June 1 was down slightly from a year earlier. If the backlog were so big, that number would still be large, he said.

At the lowest point in the pandemic, processing was down 50% to 55%. But for the past two weeks, it's been pretty close to a year ago, he said.

Last week, 516,000 head of fed cattle were slaughtered. That's about 90% of capacity utilization at kill plants, which is 566,000 head a week. At the same time last year, slaughter was at 95% of capacity, he said.

Average capacity utilization from the first of 2019 through March 2020 was about 88%. Slaughter last week was unchanged from the previous week and only down about 4% from a year earlier, he said. "That's all positive," he said.

The real issue is weight. The industry came into the year with record heavy weights on fed cattle, and they've only gotten heavier since Jan. 1, he said.

"That's really the issue for beef production," he said.

## COVID-19 puts hit on milk production

By CAROL RYAN DUMAS  
Capital Press

The coronavirus pandemic has made for some wild times in dairy markets, which in turn have led to significant downturns in U.S. milk production.

May milk production at 18.8 billion pounds was down 1.1% year over year from almost 19.1 billion pounds in 2019, according to USDA National Agricultural Statistic Service.

"Some of the dairy co-ops put in base excess plans, etc. It appears that has taken effect," Bob Cropp, University of Wisconsin dairy economist, said in the latest "Dairy Situation and Outlook" podcast.

Cow numbers in May were down 11,000 head from April and 15,000 head from March but were still 35,000 head above a year ago.

"But there was a big drop



University of Wisconsin

**Bob Cropp, left, and Mark Stephenson, University of Wisconsin economists.**

in milk production per cow," he said.

Per-cow production dropped 31 pounds and 1.5% year over year.

"Definitely farmers have responded, reducing milk production — which is a factor we're seeing in milk prices changes right now," he said.

The Class III milk price, which was \$17.05 a hundredweight in January,

dropped to \$12.14 in May. But the June price is looking like it'll be \$20 with a record increase from one month to the next, he said.

Lower milk production, government purchases, restaurants slowly opening up and restocking foodservice inventories were all factors, he said.

"It shows how sensitive this market is to relatively small changes, but that tight-

ened things up," he said.

The cash cheese price for 40-pound blocks went from \$1 a pound two months ago to \$2.50 on Friday, Mark Stephenson, fellow dairy economist at the university, said.

The big question is how long the higher prices will stay, Cropp said.

The futures market jumped, with July Class III prices above \$20. They trail off to the high \$16s by the end of the year, he said.

There's a lot of uncertainty as to where prices will go. Milk production will be going down seasonally with the hot summer months. Restaurants are opening, and processors will be building inventory for holiday demand.

"We could see those prices at least in the next quarter holding pretty good, he said.

The big question is whether farmers will continue to hold down milk

production. The other question is whether there'll be another coronavirus outbreak that slows things down again, he said.

While 14 of the 24 reporting states decreased milk production year over year — including a 1.5% decline in California and a 3.1% decline in Wisconsin — milk flowed strong in others. May milk production was up in seven states, including gains of 4.8% in Idaho, 4.6% in Colorado and 9.7% in South Dakota.

"Farms are starting to react to these higher prices, at least in the West," Stephenson said.

Values for springers out there are higher than they've been in many years, he said.

"This is just kind of telling you that these guys want to make milk if the prices are going to be here. That's going to kill the golden goose if they're going to start making a lot of milk," he said.

## Upper Snake irrigation outlook favorable

By BRAD CARLSON  
Capital Press

The Upper Snake River reservoir system stood at 98% full June 21 as irrigators entered the season of heavy usage.

Water supplies in the system are critical to large crop, livestock and dairy sectors in southeastern and south-central Idaho. Though supplies are down slightly, irrigators saved water during the unusually cool, wet weather through the first half of June.

The amount of water stored in the reservoir system peaked early the week of June 15, said Brian Stevens, water operations manager for the U.S. Bureau of Reclamation's Upper Snake Field Office in Heyburn, Idaho.

All reservoirs filled except Palisades in eastern Idaho and Jackson Lake in Wyoming. They are now about 10,000 acre-feet or 8 inches, and 13,000 or 6 inches, from full-pool status, respectively, he said.

Systemwide fill rates were 100%



Capital Press File

**Palisades Reservoir within Idaho's Grand Valley has a storage capacity of 1.2 million acre-feet and is part of the Upper Snake River system.**

in 2017 and 2018, 97% last year and 98% this year, Stevens said. The current rate is good given that Reclamation earlier this year performed flood-control operations at Palisades and Jackson, he said. The releases pose challenges related to runoff and irrigation timing.

"We came within 100,000 acre-feet of filling the system completely," he said. The system holds about 4 million acre-feet.

Reclamation on June 21, 2020, reported fill percentages at individual reservoirs including 100% at Henry's Lake, Island Park, Grassy Lake and Ririe; 99% at Palisades; 98% at Jackson and Lake Wolcott; and 95% at American Falls.

"This is a good runoff year," Stevens said. "It is good storage allocation this year."

Water supplies are at or slightly below average in the Upper Snake

region, said Tony Olenichak, who is watermaster with Water District 1 in Idaho Falls and a state Department of Water Resources program manager.

"We have plenty of water," he said. "We will probably end up with 98 or 99% storage allocation. ... No one is going to run out of water this year."

Irrigation diversions in much of eastern Idaho stopped temporarily late in the June 15-19 week on timely rains, he said. More rain could come near the end of the June 22-26 week.

"We have above-average precipitation and below-average demand at this point," Olenichak said.

Kamren Koopman, who manages his family's 7,500-acre farm near American Falls, said several good water years recently and the state's longtime annual effort to recharge the large Eastern Snake Plain Aquifer have benefited producers. Recharge "is starting to be noticeable and pay off a little bit."

## SpudLove, new farmer-owned potato chip line, partners with Farmers Ending Hunger

By SIERRA DAWN MCCLAIN  
Capital Press

A new farmer-owned potato chip line is hitting store shelves this summer.

SpudLove Snacks' new potato chip line is made from organic potatoes grown at Threemile Canyon Farms in Boardman, Ore.

The same company that grows the potatoes owns the brand — uncommon among salty snack lines.

According to SpudLove's statement, the chips are 100% "USDA-certified organic, Non-GMO Project Verified and certified gluten-free."

The company's leaders say they built the brand to appeal to millennials: with a clear farm source and health-conscious focus.

SpudLove's CEO, Sheila Stanziale, said the chips are cooked slowly in small batches using less oil than average chips and are sliced extra-thick so they'll come out crunchy and "potato-y."

The snack company

announced its chip line this June along with a commitment to donate potatoes to Farmers Ending Hunger every month.

Farmers Ending Hunger is an Oregon nonprofit, started in Hermiston, that collects donations of farm products like fresh produce for the Oregon Food Bank, which then distributes the food across the state.



Sheila Stanziale

John Burt, executive director of Farmers Ending Hunger, said Threemile Canyon Farms is now donating about 800 pounds of potatoes each week — enough to give 160 families each a five-pound bag.

Burt said Threemile Canyon Farms has been a donor since 2008, when the farm started donating dairy cows to be processed into hamburger.

The 93,000-acre farm operates three conventional dairies and an organic dairy. It has set aside 23,000 acres as conservation area and 29,000

acres as range land and open spaces, according to its website. The farm grows organic potatoes, blueberries, carrots, sweet corn, sweet peas, alfalfa and pasture, field corn and onions.

Burt said SpudLove's CEO, Stanziale, knew she wanted SpudLove to "give back" in some way, so when Marty Myers, Threemile Canyon Farms' general manager, told her about Farmers Ending Hunger and introduced her to Burt, she seemed eager to donate.

"Bless their hearts. It's a good project," said Burt. "I hope it grows, and as it grows, they can perhaps donate even more."

The SpudLove brand was built by an already-existing snack company, Luke's Organic Potato Chips.

The "SpudLove idea," Stanziale said, was spawned by Myers of Threemile Canyon Farms and the snack company's business team.

Threemile Canyon Farms' parent company, North

Dakota-based potato giant R.D. Offutt Farms, was "heavily invested" in Luke's Organic Potato Chips, according to those familiar with the history.

In fall 2019, when an opportunity came to start SpudLove, R.D. Offutt bought the brand so it could act as both potato chip maker and marketer.

Although Threemile Canyon Farms produces the most potatoes by volume for the brand, SpudLove will work with two other organic potato farms in case bad weather or other unforeseen circumstances disrupt supply from Threemile Canyon Farms. Stanziale declined to disclose the name or location of the other two farms.

SpudLove is available for sale at Whole Foods stores in the Pacific Northwest and online through Amazon. The chips, Stanziale said, will also be available soon at Market of Choice, Huckleberry's and other markets.