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Dust flies from a bale of alfalfa as it's picked up south of Quincy, Wash. Alfalfa acreage is shrinking in some western states.

Fundamentals are supportive of alfalfa prices

By CAROL RYAN DUMAS
Capital Press

While no one knows what milk markets will do this year, other fundamentals are supportive for alfalfa prices in 2021.

While alfalfa acres were down 3% in the U.S. in 2020 compared with the 10-year average, there have been some big declines in western states over time, Josh Callen, owner of The Hoyt Report, said during the Idaho Hay and Forage Association annual conference.

Alfalfa acres in 2020 were down 29% in New Mexico from the 10-year average and 22% in Nevada. Acreage in California was down 37%, and that's been kind of a steady trend, he said.

"It just goes to show that even though a lot of dairies have cut alfalfa out of their ration ... California is going to continue to be reliant on its neighbors, mainly Oregon, Idaho, Utah, Arizona for its alfalfa needs," he said.

Almond acres continue to replace alfalfa acres in California, with a steady investment in trees. There's a higher upfront cost, but almonds take less labor and less water than alfalfa, he said.

There was a pretty steep drop-off in alfalfa acres in California in 2020, and it's going to continue in 2021, he said.

While Dec. 1 hay stocks were down 6% in western states, they were up 21% in California. There's really good demand out of California, he said.

Most alfalfa markets recovered from pandemic

By CAROL RYAN DUMAS
Capital Press

A lot of western alfalfa markets saw a \$20 to \$30 per ton decline year over year in the spring of 2020 due to pandemic-related lockdowns.

"The deep swings in the dairy market, too, didn't help very much starting out," Josh Callen, owner of The Hoyt Report, said during the Idaho Hay and Forage Association annual conference.

The price of supreme alfalfa hay delivered to Tulare, Calif., took a big dip from April to May. Prices went from an average of \$275 a ton to \$265, some of the lowest prices in a few years, he said.

They recovered steadily over the summer, and are back at around \$275. Some of the jump in September and October was due to wildfires in California, which hurt the quality of some later cuttings, he said.

Fourth-quarter prices were \$285, spurred by dairies that have cheese as their main outlet.

Idaho's supreme alfalfa started off \$30 lower year over year in May and June. In June, it was just above \$170 but moved into the \$180s in October.

Prices held fairly steady over the winter, and January prices should average \$185, he said.

While most western markets recovered from the pandemic, the Columbia Basin was a different story. Washington in general was really different this year, he said.

The market for premium alfalfa started lower just like everywhere else. But it didn't see the recovery that

"They're buying," he said.

The water issue is also going to be a little iffy for California this year, given dry conditions. It will probably be OK, but the question is what the dry conditions mean for the Colorado River in the longer term, he said.

The price of other proteins is likely to be a big factor in alfalfa market in 2021, he said.

"The big thing going on right now is just overall strength in general commodity prices, what's that going to do for alfalfa," he said.

Rolled corn prices went on a tear beginning in August, going from \$175 a ton to \$250 with some of the highest prices seen since 2013 and 2014. Alfalfa and corn prices tend to follow each other fairly closely, he said.

First-crop alfalfa should have pretty good demand, depending on milk prices, he said.

"You could see some more alfalfa being fed. That could also support it as well. Higher protein prices could make alfalfa more attractive," he said.

Alfalfa acreage is going to be a little mixed in 2021. The trend toward almond trees in California is likely to continue, but there'll be more alfalfa acres planted to wheat. And some alfalfa acres could also be replaced with rolled corn and corn silage, he said.

"It's kind of hard to gauge that dairy situation. Right now, it looks like there could be some more alfalfa being fed," he said.

other states experienced, he said.

That hay was \$195 in June compared with nearly \$210 a year earlier, and the price moved lower to \$170 by December.

"That price kept going down," and there were a couple of factors, he said.

One was Washington had more alfalfa acres in 2020 because the Timothy hay market wasn't good in 2019. Another factor was lower demand from the Middle East.

"Another thing has been that the dairies in Washington, I think, had a tougher time pricewise compared to other areas," he said.

A few dairy cooperatives dominate in Washington, and labor costs are higher, he said.

"Those dairies, too, were in a little worse shape so they were probably a lot more cautious in their buying," he said.

He expects that hay will average \$170 to \$175 in January.

Prices for premium/supreme alfalfa in central and southern Oregon tend to be pretty steady. Harvest got going later than other places so by mid-to late-June, some of the coronavirus disruption had started to calm down, he said.

Prices were comparable to a year earlier at around \$210.

Markets for Idaho feeder hay started off quite a bit lower year over year in June, below \$130. Prices hovered around \$125 in August, September and October but climbed to \$140 in December.

Labor issues challenge dairies

By CAROL RYAN DUMAS
Capital Press

Changing overtime regulations in some states and increases in minimum wages are giving dairies a run for their money.

"All of these changes are happening when farms struggle to find employees," said Rich Stup, an agricultural workforce specialist with Cornell University Cooperative Extension.

"Some places can still draw from a local labor pool, but it's hard when communities are increasingly disconnected from farms and don't view farms as viable employers," he said during a recent "DairyLivestream" podcast.

Immigration into the U.S. has dropped from its peak in the 1990s and early 2000s due to tighter border control, more aggressive enforcement and demographic factors in Mexico's developing economy, he said.

"All of these factors are combining to make farmers rethink labor strategies, including adopting an array of technologies to make each worker more productive and, in some cases, to reduce the need for employees altogether," he said.

In his opinion, the future for dairy employment is high tech, high productivity, high skill and higher-paying jobs, he said.

It's definitely becoming a challenge, said Frank Cardoza, a dairy consultant with DairyWorks and manager of a dairy in California's Central Valley.



Carol Ryan Dumas/Capital Press File

Employee Juan Cortez prepares cows for milking at Knott Run Dairy in Buhl, Idaho. Minimum wage increases and overtime pay are among the many worries for dairy operators.

Every year, dairy farmers have to decide what changes they're going to make to be successful, he said.

"For sure, we've looked at different options and tried different options as far as hiring more people and reducing hours," he said.

The dairy he manages is constantly working on how to bring in technology and create better jobs to encourage young people to come in and still have people who want to work the physical jobs required on dairies, he said.

Research has found labor costs and labor efficiency are the single most highly correlated factor with dairy

farm profitability, said Chris Wolf, a professor of agricultural economics at Cornell University.

Human resource management is also a primary risk for dairy farms; the cows have to be milked at least twice a day, he said.

So having healthy, available and affordable workers is increasingly important in having a plan to deal with that, he said.

One of the topics in the news right now is the potential for a national minimum wage increase. If that wage is uniform across the country, it's going to have a much bigger effect in some areas than others, and rural areas are where it might have a bigger effect, he said.

From an economist's perspective, that brings worry over things like wage compression. Bringing up the wage for lower-paid workers potentially results in small differences in pay across workers in a firm even though there might be large differences in responsibilities, skills and qualifications, he said.

"New employees can wind up making more than existing or longer-term employees, and that can lead to loss of motivation and friction in the workplace," he said.

With any regulation, it's important to allow flexibility so farmers can innovate, he said.

"What we're looking for here, hopefully, is a set of standards rather than mandating methods ... which might advantage some farms more than others," he said.

Oregon rancher named NCBA regional vice president

By GEORGE PLAVERN
Capital Press



Skye Krebs

IONE, Ore. — Members of the National Cattlemen's Beef Association elected Eastern Oregon rancher Skye Krebs to serve as regional vice president for policy during the organization's virtual Winter Business Meeting on Feb. 4.

Krebs, of Ione, Ore., will represent Region V, which includes Oregon, Washington, Idaho, Montana, Wyoming and Colorado.

"After serving on the

Public Lands Council executive board for many years, I have come to know several of the affiliated state executives, officers and producers," Krebs said.

"I feel like I can hit the ground running and I have a bit of fuel left in my tank to serve the beef industry. I'm excited to get started."

Based in Denver and Washington, D.C., the NCBA is the marketing

and trade association for U.S. cattle ranchers, promoting research and product development funded by the industry's Beef Checkoff.

NCBA regional vice presidents serve three-year terms, and play a critical role in coordinating member activities and communications.

Krebs' family has been ranching in Eastern Oregon for more than 100 years. He and his wife, Penny, own and operate Krebs Sheep Company in Ione, where they raise both sheep and cattle.

Outside his ranching business, Krebs is a member of the Oregon Cattlemen's Association, where he currently serves as the Public Lands Council endowment protector chairman. He also serves as the Wallowa County Animal Damage Control District secretary and is involved in the Oregon Sheep Growers Association and Alpha Gamma Rho Alumni Board.

Krebs was born and raised in Ione, and earned his bachelor's degree in general agriculture from Oregon State University.

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