

Inflation:

Continued from Page 4

landing on the agriculture industry this year.

Phillips pointed out that everything that he orders to operate his ranch, and everything he sends off to market, including cattle, makes the journey powered by fuel, and usually diesel.

Fuel prices, and in particular for natural gas, have direct effects on the cost of fertilizer, which uses large amounts of natural gas. U.S. natural gas prices are at a 14-year high, according to recent reporting in The Financial Times.

Mark Ward, whose family grows potatoes, wheat, peppermint and alfalfa in Baker Valley, said inflation is offsetting, or worse, the benefits from rising prices for some farm products.

"The wheat price has doubled, I hear from people," Ward said. "But so has my fertilizer cost. So has my cost of diesel. The only thing that's been stable is electricity. Something's got to change on the production costs. We can't sustain this. It makes you wonder how you can stay in business. It's scary."

"IT IS GOING TO BE A REALLY CHALLENGING YEAR FOR GUYS THAT HAVE CATTLE AND RAISE HAY WITH THOSE ESCALATING COSTS."

— Todd Nash, Wallowa County rancher and president of the Oregon Cattlemen's Association

Ward cited as an example the cost of planting and raising potatoes, a vital crop for his family's operation.

Last year it cost \$3,600 per acre.

This year it's over \$5,000.

"It's getting when the risk is greater than the reward," Ward said.

Fertilizer costs spike

Costs of a majority of national retail fertilizers were lower in June than May, according to prices tracked by agricultural data analysis service DTN. This was the first time since the third week of November 2020 that most fertilizers were lower.

Six fertilizers' prices were lower than May, but none was down a substantial amount. DTN designates a move of 5% or more as significant.

Average price for urea was \$979 per ton and anhydrous \$1,529.

Two fertilizers were slightly more expensive in June than in May. The average price of UAN28 was \$633 per ton and UAN32 \$731, an all-time high.

On a price per pound of nitrogen basis, the average for urea was \$1.06, anhydrous \$0.93, UAN28 \$1.13 and UAN32 \$1.14.

See Inflation, Page 11



Jayson Jacoby/Baker City Herald

A swather cuts alfalfa in a field in Baker City on June 16, 2022. Farmers and ranchers say production costs, including fuel for equipment and repair parts, have risen substantially this year, largely or completely offsetting the benefits of higher crop yields due to a damp spring.

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