

Gas prices put profits on the line

BY JOHN TILLMAN
Hermiston Herald
Agricultural producers are paying record-high tabs for crucial fertilizers.

The agricultural data analysis service DTN reported important fertilizers doubled from the first week of May 2021 to 2022. Anhydrous ammonia reached an all-time high of \$1,534 per ton in April and stayed the same in May. Urea also hit a record of \$1,031 per ton in April then dropped slightly to \$1,001. Anhydrous was barely above \$400 in September 2020, but has zoomed upward more than 250% in less than two years.

Fertilizer inflation has outpaced even gasoline, diesel and natural gas price hikes. Producing nitrogen fertilizers ammonia and urea requires natural gas feedstock. Despite high prices for fuel, fertilizer and other petroleum products, though, some local farmers and ranchers remain cautiously optimistic.

“As long as wheat prices stay up, I’m OK with high inputs,” Wheat and cattle rancher Tim Leber of Umapine said. “Where I get nervous is if wheat crashes, while we’re stuck with high inputs, as happened in 2008 to 2010.”

In 2008, soft white wheat prices were almost as high as 2022.

Leber already has top-dressed his fields, to take advantage of the spring rains. And there was a jump in wheat price as India banned export of the staple cereal, due to its heat wave.

Leber noted that major wheat exporter Ukraine is managing to plant, despite the war.

“Even with the ports closed, they’ll find a way to get it out,” he said.

Still, looking ahead to his likely fertilizer bill in the fall is worrisome.

“We’re paying 50 cents per pound more than last fall, but that’s as of now,” he said during a recent interview in May. “Fertilizer could keep going up.”

The supply of fertilizer diesel dried up on the East Coast, he added, and that shortage can mean higher prices on the West Coast.

U.S. natural gas prices are at a 14-year high, according to recent reporting in The Financial Times. Keeping orchard and fruit crops from freezing requires propane and diesel, as well.

“Orchardists and fruit growers power their wind machines



Kathy Aney/Hermiston Herald

Umapine farmer Tim Leber on May 31, 2022, leans against the Case Quadtrac tractor he uses to fertilize and seed his crops. Fertilizer prices have doubled in the past year.

with propane,” said Roger Lemstrom of Los Roccosos Vineyards in Milton-Freewater’s Rocks District. Besides using these giant fans for warming, they still use old-fashioned smudge pots fueled by diesel, he noted.

HIGH PETROLEUM PRICES SLAM LOCAL FRUIT GROWERS

It’s not just pain at the pump for local farmers and orchardists. High prices for other petroleum products, such as agricultural chemicals squeeze growers’ profits.

“(Inflation) differs by region,” said Corey Coad, president of agricultural supplies at Orchard & Vineyard Supply, with locations in four states. He’s based in McMinnville, but is familiar with OVS’ business in Milton-Freewater.

“In some areas, fertilizer prices have shot up by 500%,” he said. “In the Pacific Northwest, it’s 50% to 150%. For pesticides, it’s 175% since January of 2021.”

Coad explained the problem isn’t just with supply and demand for hydrocarbons. Shipping containers are in short supply as a result of pandemic-induced interruptions to international trade. Many active ingredients in agricultural chemicals come from overseas.

“Then there’s the cost of fuel, especially diesel, which impacts everything farmers do,” Coad noted. “Spraying, cultivation, you name it. Diesel is up 39% from January of this year.”

Crop nutrient prices also rose as a result of sanctions on supplier Belarus, curbs on Chinese fertilizer exports and sanctions on Russia, a big provider to Brazil, according to Reuters in May.

The cost increases, combined with fuel, lubricant and other agricultural chemical cost hikes, mean farmers may have trou-

ble turning a profit even with higher crop prices. Ukraine is a major wheat exporter, so war on the Black Sea has naturally boosted grain prices.

Midwest farmers have adapted by planting more nitrogen-fixing soybeans and less corn, but enduring drought reduces yields for all crops. Northeast Oregon farmers and ranchers have fewer options, with the market for peas so much lower than in previous decades. Canola is not a legume.

Don Wysocki, local Oregon State University Extension soil scientist, said one option is to grow a nitrogen-fixing cover crop, such as peas. The crop is terminated before its water use threatens grain yield, but still adds some nitrogen to the soil. Cover crops can be planted in the fall or spring, but it’s always a risk in the fall, since producers can’t know how wet the winter will be.

Management practices also can make less fertilizer go farther, such as split applications. Again, growers don’t know how much moisture to expect, so Wysocki recommended applying an average amount in the fall, then top dressing in the spring. With a wet winter and spring, such as this year, farmers can get more crop growth per fertilizer buck by applying when it’s most needed.

Costlier application methods can save on fertilizer. Liquid solutions applied with pesticides in the spring make both agricultural chemicals more efficacious. “Producers might want to consider whether to bale their straw or not, now that the value of nitrogen has gone up,” Wysocki said.

Wysocki also said the war affected both supply and Black Sea shipping and he didn’t see change coming abruptly.

Cattle markets complex in 2022

BY CAROL RYAN DUMAS
Capital Press

The cattle market outlook for 2022 is a mixed bag, an agricultural economist says.

On one hand, cattle prices are higher year over year. On the other, cattle ranchers are facing higher input expenses.

At \$140 per hundred-weight, slaughter steer prices are 17.5% above 2021 prices.

“But even with higher prices, farmers and ranchers will travel a rocky road to profitability, paved with inflation and higher input costs in 2022,” said Bernt Nelson, an economist with American Farm Bureau Federation.

Producers are facing increases in both feed and non-feed inputs, resulting in increased break-even prices.

“Whether cattle prices will increase enough to offset the increase in costs and provide profitability remains in question,” he said in the latest “Market Intel” report.

“One of the greatest concerns faced by farmers and ranchers in 2022 is rising input costs, more specifically, feed,” he said.

While cattle prices and input costs vary across the country, estimates for Iowa by

Iowa State University give a general idea of current conditions versus a year ago.

In estimating returns to finish a yearling steer, total costs for April are estimated at \$1,832.86. Of those total costs, feed accounted for 25.4% or \$465.35.

Feed cost this April increased nearly 12% year over year, and that increase was even steeper in March — up 22%.

Given a sales value on the finished yearling of \$1,872.78, an Iowa cattle feeder is looking at a \$39.92 per-head profit in April, according to the university’s estimates.

But there’s more to markets than cattle prices and input costs. Supply and demand also factor in, he said.

The cattle supply is forecast to decrease, as the industry is in the contraction phase of the cattle cycle. The calf crop on Jan. 1 was down 1.2% year over year, and the cow inventory was down 2.3% year over year.

While USDA is forecasting only a small decrease in domestic consumer consumption, beef imports also play a factor in markets — and

those imports in March were up 29% year over year.

On the flip side, USDA is forecasting a 1.8% decline in U.S. beef exports in 2022 — although still well above the five-year average.

“A strengthening U.S. dollar will make it more expensive for other countries to buy U.S. beef while at the same time making it more affordable for the U.S. to import beef from other countries,” he said.

Yet, first quarter beef exports were reported at record levels, primarily to the Asian markets with China leading the way, he said.

“All these factors create a complex cattle market outlook complete with many peaks and valleys for 2022,” he said.

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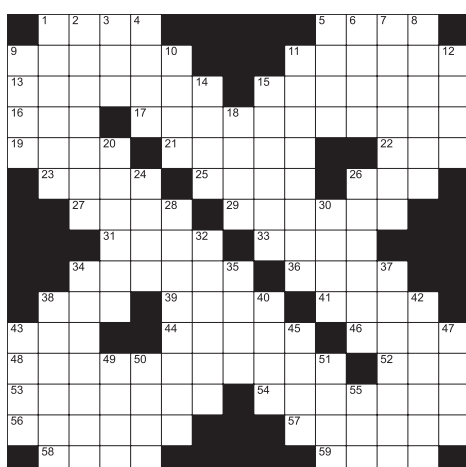
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Coffee Break!



- CLUES ACROSS**
- Slovenian mountain
 - Where things stand
 - Made a sharp sound
 - Female spirit in Irish folklore
 - Deteriorate with age
 - A way to save for retirement
 - The Big Apple
 - Intestinal pouches
 - City in New Hampshire
 - Giving a bad impression
 - Samsung laptops
 - Without (French)
 - Scientist’s tool (abbr.)
 - System of one more computers
 - Captures
 - Authentic
 - Female mammal’s nipple
 - Pandemonium
 - Satisfy
 - Arrived extinct
 - Shipborne radar (abbr.)
 - Network of nerves
 - Monetary unit
 - Showed old TV show
 - They help you hear
 - One who eliminates
 - Congress’ investigative arm

- Parties
- Most supernatural
- Takes illegally
- Breathes while asleep
- Sea eagles
- German surname
- Affirmatives
- “Full House” actress Barber
- Traveled rapidly
- Long upholstered seat
- Set wages
- Peter Gabriel song
- Sides of a jacket
- More beautiful
- Actress Kate
- Furniture with open shelves
- Indicate
- The cost of a room
- Gets rid of something
- Impudence
- No No No
- Drunkards
- Middle eastern country
- High energy lasers (abbr.)
- Primary component of ribosomes
- An informal debt instrument

- CLUES DOWN**
- Looks at for a long time
 - Solution for diseases
 - Belonging to a thing
 - Former Packers fullback
 - Contemplative person
 - One billionth of a second (abbr.)
 - Helps
 - Final section of the large intestine
 - Invests in little enterprises
 - Look for
 - Unbeliefs
 - Susan and Tom are two
 - Female sheep
 - A poet writes it

WORD SCRAMBLE

Rearrange the letters to spell something pertaining to the holidays.

T W H R E A

SUDOKU

		6	3	8				
	4					5	2	
9				1				2
8	3			9	4			
5			7			1		
5						9		
2	8							
4			8					3

Fun By The Numbers
Like puzzles? Then you’ll love sudoku. This mind-bending puzzle will have you hooked from the moment you square off, so sharpen your pencil and put your sudoku savvy to the test!

Level: Intermediate

Guess Who?

I am an actor born in Canada on June 9, 1961. I started acting at age 15, and later moved to Los Angeles at age 18. I am best known for various roles on sitcoms and as a time-traveling teen in a popular 1980s movie franchise.

CRYPTO FUN

Solve the code to discover words related to cats. Each number corresponds to a letter. (Hint: 18 = S)

A. 7 3 8 18 15 11 26 18
Clue: Sensory hairs

B. 24 4 7 18
Clue: Feet

C. 5 1 10 24
Clue: Leap off surface

D. 15 8 17 17 12
Clue: Nickname for a cat

KITTY CAT WORD SEARCH

Find the words hidden vertically, horizontally, diagonally, and backwards.

WORDS

AILUROPHOBIA
CALICO
CAT
CATNIP
CLOWDER
DEWCLAW
DIGITGRADE
DOMESTIC
FELINE
FERAL
HAIRBALL
JOWLS
KITTEN
KNEAD
MEOW
NEUTER
PAPILLAE
PURR
SPRAY
STROPPING
TABBY
TONGUE
WHISKER

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