



Idaho Dairy

THE IDAHO DAIRY FOCUS IS BROUGHT TO YOU BY
IDAHO DAIRYMEN'S ASSOCIATION

focus

The Idaho Dairymen's Association (IDA) was established to continue to develop and sustain an economically viable Idaho Dairy Industry that works together to achieve success in the domestic and global marketplace in meeting the needs of the Idaho dairy farm families.

August 2009

Key IDA Policy Positions for Today's Washington DC Debate

IDA policy positions are a valuable tool for board members and staff to frame our positions at both the state and national level. This year has been a particularly tough year to hold to the IDA Milk Marketing positions when instant relief is needed for all dairy producers. Yet concerns abound throughout the industry that recent increases in the Dairy Product Support Price and proposed future increases will only lead us down a path of greater supplies of government held product that will hold the industry into a longer and deeper pricing depression. Even with the current increases in the DPPSP for cheese and non-fat it is questionable if the market can attain that level and even if it does it will only generate a price of \$11.50 – \$12.00/cwt to Idaho producers, still well below our cost of production.

We stand in opposition to those increases and can only hope that policy makers and those who influence policy makers will take a long term approach instead of a short term band aid. Those solutions should not include additional government intervention in the market system through current programs or proposed mandated supply management programs

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but should rest on the shoulders of producer organized efforts like National Milk Producers Federations Cooperatives Working Together (CWT). CWT is a program so unique that other commodity groups, such as the potato industry through United Potato Growers of America (UPGA) have copied it. Not only did UPGA copied it but they have taken it one step further by having Canadian producers participate, a true accomplishment with today's competitive mentality.

As you read the IDA policy positions listed below you will notice that **IDA is in OPPOSITION** to most government programs such as the Dairy Product Price Support Program (DPPSP) along with the Milk Income Loss Contract (MILC). All IDA policy positions are voted on by Idaho dairy producers and in development of those positions it is evident that Idaho producers feel those programs are detrimental not only for the national dairy industry but also for consumers and the government. This is not inconsistent on why we oppose other government agricultural programs such as ethanol mandates that artificially raise the price of inputs to livestock operators by overriding the market signals and creating a false demand for corn. That new demand for corn and other agricultural commodities is created by government subsidies to plants that produce ethanol, that false market has a direct impact on input cost to livestock operations.

It is understandable, particularly with the current Washington DC mentality, that the path for success for industries struggling in a depressed economy runs directly through Washington DC, that we feel the solution is by additional government support. We shouldn't forget dairy industry history that has taught us that an increase in DPPSP and government programs such as MILC may have a short term benefit but in the long term creates unintended backlashes by building government held dairy product surpluses that hold down prices received by producers for a longer period of time.

2009 IDA Key Milk Marketing Policies

Federal Milk Marketing Orders

We will oppose the continuation of Federal and State Milk Marketing Orders that interfere with the free market system.

Dairy Price Support

We support the elimination of the Dairy Price Support Program.

MILC Program

We opposed the renewal of the MILC program and the establishment of programs similar to MILC. (06)

Self Help Programs

We will be a strong advocate for discussions that will facilitate marketing and transportation alliances among producer groups and support producer-controlled programs to enhance producer income.

Pricing Enhancement

We support working with dairy organizations to enhance the price received by dairy producers.

Supply Management

Idaho Dairymen's Association, Inc. supports industry controlled supply-demand programs that will help to eliminate government market distortion programs. We will promote and serve as the vehicle for input, discussion, consideration, direction and formulation of ideas. We will subsequently direct the various proposals to the appropriate individuals and agencies.

Trade Policies

We support national trade policies that level the playing field for agricultural commodities produced in the United States in order to compete with foreign imports. Equitable treatment must consider such factors as the exchange rate of the dollar and the subsidy levels of our trading partners.

Restriction of Imports

We state clearly that Congress should not, by treaty or international agreement, give up its right to restrict imports of foreign dairy products.

Milk Symposium Meeting

Thanks to our sponsors, Western State CAT, Elanco, Dairygold, and Givens Pursley the Milk Price and Dairy Market Symposium July 9th and 10th at the Boise Centre was a huge success!

We had 180 registrations and 140 attending with great discussions on the National Perspective with John Wilson from Dairy Farmers of America, Peter Vitalliano with National Milk Producers Federation, and Bill Curley with Blimling and Associates. The International Perspective Panel was Dermot Carey with Dairygold, Matt McKnight with U.S. Dairy Export Council, and Dalyn Dye with Hoogwegt Inc.

Also, live feed from Washington DC with US Senator Mike Crapo and US Senator Jim Risch brought us key messages with a Washington perspective that for successful long term solutions dairy unity will be essential. That unity needs to be inclusive with involvement of both producers and processors.

On the 10th we had "Your Check off dollars at Work", with Deana Sessions and her staff along with "Making Risk Management Tools Work for You" panelist of Dave Kurzawski with Downes O'Neill, Jon Spainhour with Rice Dairy, and Perry Iverson with Commodity & Ingredients Hedging. Overall the meeting gave dairymen a better understanding as to why the market is doing what it is doing and how dairymen can make the best of the current economy situation. For more information on the panelist's presentations you can go online to www.idahodairymen.org and view their PowerPoint presentations.

**Thank you to our Milk Price and
Dairy Market Symposium Sponsors**



GIVENS PURSLEY_{LLP}

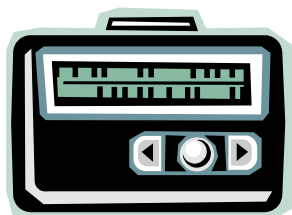
National Dairy Herd Improvement Association (DHIA) is now accepting scholarship applications from incoming and continuing students at technical, two-year and four-year colleges/

universities. To be eligible for a National DHIA scholarship, the applicant must be a family member or employee of a herd on DHI test, a family member of a DHIA employee, or an employee or a DHIA affiliate. The DHIA affiliate for the herd or affiliate employee must be a member of National DHIA (Idaho DHIA). Previous National DHIA scholarship winners are not eligible to reapply.

Applications are due October 15, 2009. Recipients will be announced at the 2010 National DHIA annual meeting, being held on March 11-12 in St. Petes Beach, Florida. National DHIA will award up to 25-\$500 scholarships.

To apply for the National DHIA scholarship log onto www.dhia.org to download and complete the electronic application form. Or contact JoDee Sattler, National DHIA Communications at 608-848-6455, ext. 112 or the Idaho State DHIA Office at 208-733-6372 ext. 104.

For Weekly Industry Updates:



Tune in to AM 1270 & 1240— Monday Mornings at 6:30

With Rick Haines & Bob Naerebout, Executive Director of IDA

Carbon Footprint 101

Jude Capper, PhD, Assistant Professor of Dairy Science, Department of Animal Sciences, WSU.

Nowadays it seems to be impossible to read a newspaper, turn on the TV or look at an internet site without seeing an article or advertisement related to reducing your carbon footprint. 'Carbon footprint' is a phrase that's used almost as much as 'stimulus package' or 'economic crisis'; we all know that it's important and that it has something to do with the environment and global warming, but what does it really mean? A carbon footprint is defined as the "total greenhouse gas emissions that are caused directly and indirectly by an individual, organization or state" and is expressed per kg or metric tone of carbon dioxide. However, even this relatively simple definition contains several components that need explaining.

Greenhouse gases are so-called because they act to warm the earth in the same way that a greenhouse warms plants. Heat from the sun penetrates the atmosphere, strikes the earth and, under normal conditions, is reflected back into space. This ensures that earth's temperature stays relatively constant. However, greenhouse gases trap solar heat in earth's atmosphere, preventing it from being reflected away and causing an overall temperature increase. Greenhouse gases are produced from many natural and artificial processes on earth and are found naturally in the atmosphere - indeed, water vapor is actually the most prevalent greenhouse gas in our atmosphere. Water vapor is highly variable and doesn't appear to cause global warming, but the other greenhouse gases, namely carbon dioxide (84% of emissions from human activity), methane (9%), nitrous oxide (5%) and human-made fluorocarbons and hexafluoride's (2%) are a significant concern. The reason that we are so concerned about these gases is because they have very potent environmental effects and human activities are thought to increase their concentrations in the atmosphere. Methane and nitrous oxide are the major contributors to greenhouse gas emissions from milk production, thus their concentrations are of direct concern to the dairy industry.

Atmospheric carbon dioxide concentrations have risen considerably since the industrial revolution and have coincided with a rise in global temperatures. The jury

is still out on whether this is a direct cause-effect relationship or part of an ongoing natural temperature cycle, but it's an issue of concern for many scientists and government agencies. Methane and nitrous oxide are present in very small quantities in the atmosphere, but they have very powerful heat-trapping effects - compared to carbon dioxide, methane is 23x and nitrous oxide is 298x more potent as a greenhouse gas. This effectively means that one molecule of nitrous oxide released into the air traps as much heat as 298 carbon dioxide molecules. When we assess the total environmental impact of an activity, individual or industry we therefore need a standard basis for comparison. The total carbon footprint is calculated by multiplying methane emissions by 23, nitrous oxide emissions by 298 and adding them to carbon dioxide emissions, we get a total measurement expressed in kg of carbon dioxide. This means that we can compare across industries that have very different mixtures of greenhouse gas emissions, e.g. methane and nitrous oxide from manure are major contributors on dairy farms, whereas car factories emit mainly carbon dioxide.

To accurately measure a carbon footprint we also need to consider all emission sources: for example, for growing corn we need to include both direct emissions (e.g. the carbon dioxide emitted by the tractor applying fertilizer to the field) and indirect emissions (e.g. the carbon dioxide emitted by the process of making the fertilizer). Finally, we need to compare apples with apples - the total carbon footprint of a 50-cow dairy farm is very different to that of a 5,000-cow farm, but so is the total amount of milk produced. To make an accurate comparison, the carbon footprint of food products must therefore be expressed per lb (or gallon, or bushel) of food produced.

There are many different ways that we can reduce our carbon footprint, either on an individual basis, as a farm, an industry or even a country. The next article in this series will look at how the carbon footprint of the US dairy industry has changed over the past sixty years.

Coming up Next Issue:
EUROPEAN STARLINGS and FERAL PIGEONS around DAIRY OPERATIONS –
PART 4: A 3-Year Overview of DRC-1339 Starling Control Activities by USDA,
Wildlife Services in Idaho

Idaho Dairies by the Numbers Shifts IDA Board Representation

A by-law change approved by the members at the 2008 annual meeting by a 65 to 12 vote put into place a redistricting structure that reduced the IDA board seats in District I (Treasure Valley and Northern Idaho) and District III (Eastern Idaho) and increased the IDA board seats in District II (Magic Valley). The by-law formula used to determine the Board seat allocation is; Number of Dairies in a District (divided by) the total number of dairies in the state (times) 9 , which is the total number of IDA board seats. Under the current redistricting both District I and III will each have two (2) IDA board seats and District II will have 5 IDA board seats. According to the by-law every District will always maintain at least one (1) IDA board seat and IDA board seat allocation needs to be reviewed every three years. The redistricting does not affect the Idaho Dairy Products Commission board seats that are still equally allocated with three (3) per District.

Utilizing information from the Idaho State Department of Agriculture as of July 24, 2009 Idaho has 590 dairies with a total of 525,232 milking and dry animals. District I has 120 dairies - 20.3% with 107,846 cows – 20.53% ; District II has 309 dairies – 52.4% with 382,430 cows – 72.81%; and District III has 161 dairies -27.3% with 34,956 – 6.66%.

IDA Election

IDA is in the process of identifying nominating committee members for all three IDA Districts for the upcoming IDA elections. Due to the redistricting District I and III will have an election for the Resolution Committee only. The position in District I is currently held by Glen VanderWoude and District III it is held by Jenifer Jenson. District II will be electing three (3) IDA board positions two (2) of those seats are new to District II and the third seat is currently held by Mike Roth. Two (2) of the board seats will be for a three (3) year term and one will be for a two (2) year term. In addition District II will also be electing a Resolution Committee position that is currently held by Edwin Southfield.

Nominations need to be submitted by September 15, 2009 with ballots being mailed out by September 20, 2009. All returned ballots must be post marked by October 1, 2009. The duties and responsibilities of the newly elected IDA board members shall commence at the conclusion of the Federation annual meeting on November 6, 2009.

Resolution Committee

As you read the article on “key Policy Positions” you will recognize that the IDA policies on government involvement in our industry and agriculture as a whole are different than what many dairy producers are and organizations representing them are calling for today.

All of our policy positions are voted on by the membership at the fall United Dairymen of Idaho annual meeting, those policies start with the resolution committee. The Resolution Committee, which consists of nine (9) elected dairy producers, met on July 30th to review our current positions. With the current pricing crises they spent the majority of their time reviewing our Dairy Marketing Policies. Currently the position the committee is taking is to strengthen our positions that the government needs to get out of agricultural programs that impedes the market from working in **ALL** agricultural commodities. The next meeting of the Resolutions Committee is scheduled for September 29th in Boise Idaho.

The committee would like to hear from Idaho dairy producers on your positions on our milk marketing policies or any other policy positions you believe should be added or changed. Below is a list of Committee members please contact them or this office with your inputs.

District I

Glen VanderWoude
Rudi DeWinkle.
Nick DeRuyter

District II

Edwin Southfield
Andrew Jarvis
Willie Bokma

District III

Jenifer Jenson
Mike Loveland
Kim Korn

University of Idaho Extension

What to do with Moldy Hay

Weather conditions prior to, during first cutting, and while making hay have been very moist. Many areas have 2 or more inches of above normal precipitation. Much hay has been rained on or left lying in the field for prolonged time periods due to cool and humid conditions which reduced drying rates. The long drying periods with high humidity allowed field growth of mold on the hay. We will try to state some facts and offer some recommendations for hay producers and livestock producers.

What is the “black dust” that covers my mower or swather?

- The black dust is most likely spores produced by fungal organisms. Spores are how the fungi reproduce and are always present but usually at lower concentration. The black dust on a mower or swather indicates that fungal growth was present prior to cutting.

What is the “black dust” on the hay in the windrow, and coming out of my baler or forage harvester?

- The dust is partially fungal spores which have been produced at any point prior to harvest; but most likely, spores were produced after mowing in the windrow, under high moisture levels.
- Another source of the dust is pulverized and decomposed plant material after drying.

What can I do to prevent fungal growth in the crop prior to mowing?

- There are few options to prevent fungal growth in uncut forage. There are no current registered fungicides for alfalfa forage use, other than Apron™ for seed treatment at planting. Furthermore, it is probably not economic to treat even if you could forecast long term weather problems. For periods with high precipitations, adjust your watering schedule, prevent over irrigation, and allow plants to dry up faster.

You can prevent further mold growth in harvested hay and silage!

- To improve drying and solar radiation on forage: 1) make a wide windrow, 2) mow in sunny weather, 3) rake or invert the windrow at about 40% moisture.
- Hay preservatives such as propionic acid products and other mold inhibitors can reduce or stop further mold growth in hay and silage, at least temporarily, when applied at baling or chopping. These products will not reduce the damage done before harvest, they merely stop new growth.

What effects do molds have on animals?

- The spores can produce undesirable physical responses from humans and livestock from the physical dust and an allergic response of animals. Horses and other non-ruminants are generally more susceptible to this problem than cattle.
- Feed intake is reduced.
- The spores indicate a possibility of mycotoxin producing organisms.



For more information on mycotoxins and molds, see the fact sheet “Moldy Hay” by Undersander et al. 2009.

Written by Glenn Shewmaker, Extension forage specialist (gshew@uidaho.edu); Oliver Neher, Extension Plant Pathologist (oneher@uidaho.edu); Mireille Chahine, Extension Dairy Specialist (mchahine@uidaho.edu); and Benton Glaze, Extension Beef Specialist (bglaze@uidaho.edu); University of Idaho

A mycotoxin is a toxic secondary metabolite produced by an organism of the fungus kingdom, including mushrooms, molds, and yeasts.

We have cultured fungal spores from *Phoma* (alfalfa spring black stem and leaf spot) and *Colletotrichum* from alfalfa in the Kimberly area. These genera are not known to produce mycotoxins, however, there other toxin producing fungi may be present.

Molds commonly found in hay include *Alternaria*, *Aspergillus*, *Cladosporium*, *Fusarium*, *Mucor*, *Penicillium*, and *Rhizopus*. These molds **can produce spores that cause respiratory problems**, especially in horses or other animals

(Continued on page 9)

IDA Joins the Agriculture Coalition for Immigration Coalition Reform

Earlier this year IDA joined the Washington DC based Agriculture Coalition for Immigration Reform (ACIR) at the Executive Committee level of commitment. The article below was printed in the Wall Street Journal (WSJ) and was authored by Craig Regelbrugge who is co-chair for ACIR. The short letter was in response to the recently printed WSJ article that was generally positive on immigrant labor needs in the dairy industry but was receiving negative responses.

For years, government statistics have shown that the majority of farm workers are falsely documented. They are, however, working on the books, paying taxes and Social Security and Medicare through payroll deductions. Meanwhile, no informed person seriously contends that Americans will return to the farm in the numbers needed to do the back-breaking, dirty, often seasonal and intermittent work.

As a nation we can either accommodate the reality through a smart, sensible, legal program, such as Sen. Dianne Feinstein's Ag Jobs legislation, or face the consequences of off shoring food production. The latter would sacrifice millions of off-farm American jobs which exist because we are producing things here. Continuing to ignore the farm labor crisis, or solving it unwisely, will put U.S. food and economic security at risk.

Eastern Idaho Board Members and Resolution Committee retirements.

Jeff Hyde who has served the Idaho dairy industry for over 20 years as an IDA board member from Preston Idaho recently exited the dairy industry through the June CWT program. Besides serving on the IDA board Jeff also served on the IDEAL board of managers. The UDI board has appointed Dave Rallison who is from Franklin Idaho to fill the remainder of Jeff's IDA term.

Heath Young from Blackfoot Idaho has informed the UDI board he will be selling his cattle in August. Heath was appointed to his IDA board position in 2008. Prior to his IDA board position Heath served on the IDEAL Board of managers and has also served as an alternate on the Resolutions Committee. Heath Young's IDA seat is the District III seat that is now allocated to the Magic Valley.

Scott Rigby of Rexburg has also exited the dairy business through the June CWT buy out. Scott has served on the Resolutions Committee since 2005 and helped direct the Idaho dairy industry to our current policy positions. We wish Jeff, Heath and Scott the best as they move on in their different chosen professions. From the Board members and staff members of the United Dairymen of Idaho we want to express our gratitude for their dedicated service to the dairy industry. If you have an opportunity make sure you also give them a well deserved "Thank-you"!!

Negotiate Rules and Animal Welfare

The Idaho State Department of Agriculture (ISDA) will begin to negotiate rule making on three areas that impact the Idaho dairy industry; Those are Third party receivership of agricultural waste including manure from dairy farms, rules governing the retail sales of raw milk and rules that pertain to pathogen drift from irrigated lagoon water. The first meeting for rules governing third party receivership and raw milk will be held on Monday, August 10th at the ISDA Boise office. The rules governing pathogen drift will occur at a later date. IDA will be participating in all of the meetings that have implications to our industry.

Notes on our Congressional Members

As congress approached adjournment for summer recess these past few weeks our congressional delegation was forced to act quickly on some key dairy policy decisions.

On the Senate side multiple amendments pertaining to the dairy industry were being attached to the Agricultural Appropriations Bill. Most of those amendments the IDA stood in opposition to and we were in constant contact with both of our Senate offices as the amendments proceeded.

Senator Brownback raised a budget point of order against Senator Sander's Amendment #2276. The intent of Amendment #2276 is to provide the U.S. Department of Agriculture with \$350 million in additional funds to enable it to increase the level at which the government buys surplus dairy products and increase the purchase price for nonfat dry milk from \$.92 per pound to \$.97 per pound; from \$1.31 to \$1.40 for cheddar blocks, and from \$1.28 to \$1.37 for cheddar barrels. Senator Sanders brought a motion to waive the budget point of order against the amendment which was subject to a vote. The motion to waive the point of order passed by a vote of 60-37. Both Senator Crapo and Senator Risch supported the Idaho dairy industry by voting against waiving the budget point of order Senator Sander's Amendment. The amendment now moves to the House, if it passes the House the funding will be in place to move the Dairy Product Support Price even higher.

On the House side Idaho Reps. Mike Simpson and Walt Minnick have been working closely together on

understanding the complexities of the dairy industry and identifying long term solutions. Both Simpson and Minnick announced that they would be joining 50 other House Members by becoming charter members of the newly revived Congressional Dairy Caucus. The Caucus was officially introduced on July 29. A Congressional caucus is formed to provide a platform for issues, this caucus will work with dairy industry leaders to formulate a solution to the current dairy crisis and make sure other members of Congress understand why those solutions are needed.

In addition the two authored a letter to U.S. Agriculture Secretary Tom Vilsack on July 24 that urges him to pursue long-term solutions to volatile price swings for dairy products. The letter recognizes that the dairy industry is an essential part of the state's economy, employing more than 26,000 people.

Idaho congressional offices are staffed by key agricultural advisors and personnel that we work closely with and we would like to take this time to recognize them for service to the Idaho dairy industry. Those individuals are: Staci Lancaster, Layne Bangerter and Don Dixon with Senator Crapo; John Sandy, Darren Parker and Mike Mathews with Senator Risch; John Revier and Missy Small with Congressman Simpson and Hadley Sosnoff and Tom Schwarz with Congressman Minnick.

The direction of IDA will be to continue to work closely with our congressional offices to insure that the Idaho dairy industry's voice is well heard.

Meeting Scheduled with Senator Risch and Congressman Minnick for UDI Board Members

The United Dairymen of Idaho have meetings scheduled with both Senator Jim Risch and Congressman Walt Minnick during the Congressional August recess. As point out in the article titled "Notes on Our Congressional Members" the Idaho congressional delegations have been strong supporters of our dairy pricing policy positions. The purpose of both meetings will be to reinforce those positions and also elevate the discussion on the immigration debate.

Once healthcare reform is put to bed the true debate on immigration reform will begin. It is our obligation to make sure our delegation members understand how critical this issue is not only for the Idaho dairy industry but also for the state. A initial draft of a study being conducted by Boise State University economist shows that in Idaho there are 8,337 jobs on dairies. It is recognized by IDA that the majority of those jobs being held by Foreign Born Labor (FLB). In addition the study shows there are another 27,249 created by and dependent on a healthy Idaho dairy industry.

The meetings with Congressman Minnick will be held on the evening of August 12th during the Idaho Milk Processors Annual meeting. The meeting with Senator Risch will be held on August 21st at an IDA Industry Relations Committee meeting.

Educational Opportunity



Commodity & Ingredient Hedging has an upcoming meeting and event, offering a seminar in Chicago on Dairy Margin Management.

September 2nd-3rd

<http://www.cihedging.com/idaho>

IDA vs. Gooding County before the Idaho Supreme Court

Oral arguments in the IDA vs. Gooding County is scheduled for Friday, November 6, 2009 at 10 am in Twin Falls Idaho Supreme Court.. Arguing the IDA appeal will be attorney Deb Kristensen with the law firm of Givens and Pursley.

This case started approximately two years ago in which the Idaho Dairymen's Association along with the Idaho Cattleman's Association sued Gooding County over their newly established CAFO Ordinance. It is the belief of the livestock industry that Gooding County has put into place in their CAFO Ordinance provisions that are already regulated by both state and federal agencies.

(Moldy Hay Continued from page 6)

fed in poorly ventilated areas and, **under some conditions, will produce mycotoxins**. There is much confusion about mycotoxins in forages because several mycotoxins may be present, diagnostic methods are not consistent, and treatment and control recommendations lack needed research. While most molds do not produce mycotoxins, the presence of mold indicates the possibility of mycotoxin presence and animals being fed moldy hay should be watched carefully for mycotoxin symptoms.

If you suspect the hay has mycotoxins consult your veterinarian or nutritionist.

Strategies for the utilization of moldy hay:

- If hay is dusty (from mold spores) avoid feeding it to sensitive animals and those in areas with poor ventilation. If mycotoxin symptoms are observed, check with a nutritionist to make sure the ration is properly balanced and possibly with a veterinarian to eliminate other disease/health problems. Quick test kits (ELISA kits) are available (listing at <http://www.ces.ncsu.edu/gaston/Agriculture/mycotoxins/mycotest.html>) to determine presence of a limited number mycotoxins but they can give false positives. Some forage testing laboratories will provide other mycotoxin tests.
- Often, the best strategy is to remove a suspected mycotoxin-contaminated feedstuff from the diet and see if symptoms disappear. If mycotoxins are present, the feedstuff can often be fed at a diluted rate and/or with approved feed additives.
- Dilute the suspected feed by starting with a small amount, gradually increase the proportion, and observe animal behavior and health closely.
- Allow animals to sort through the hay and reject molded forage, and then remove the rejected forage.

In summary:

- ♦ Most molds are harmless - not producing known mycotoxins.
- ♦ Many of the commonly diagnosed mycotoxins are produced in the field prior to harvest.
- ♦ The physical dust problem associated with moldy forage can be reduced by ensiling, mixing with a high moisture feed or wetting the hay, but these actions will not reduce mycotoxins if present.



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 Visit www.idahodairymen.org

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<h2 style="margin: 0;">Understanding the CME</h2>

When prices are depressed as long and deep as the current dairy pricing crises many false accusations start surfacing from those with little experience or understanding on the CME or the marketing of finished product. It seems to be human nature today to believe in conspiracy theories and behind the scene manipulation, particularly when the equation is as simple as a supply demand imbalance. Two companies that have production facilities in Idaho have been at the end some of those inaccurate and inflammatory accusations. None of us, whether we are a company or as individuals, appreciate our integrity called into questions particularly from individuals who clearly lack a knowledge base to speak from.

It is the IDA's responsibility to keep our membership as fully informed with the most current and accurate information we have available. Although we just completed our Milk Marketing Symposium for 2009 we are in the process of identifying the speakers, agenda and sponsors for a one day meeting to understand functions of the CME and the realities of marketing finished cheese products.

The one day meeting will be held in Twin Falls, watch future issues of the Idaho Dairy Focus and your mail box for more detailed information as it is developed.



www.downesoneill.com - www.dairy.nu

Support Price Under Scrutiny **By Dave Kurzawski**

We have good news and bad news to report from Chicago. The good news: both the cheese market and the Class III market appear to be in a strong advance to the upside as of this writing. The bad news: the U.S. government has ratcheted up the support prices on cheese and has discussed – dare I say - further ratcheting.

On the surface, increasing the support prices for cheese have a crowd soothing quality for brow-beating, depressed dairymen. They need more money and the U.S. government just announced they would give it to them. Like a dried-up plant desperate for a drop of water, dairymen have thrown much of their traditional beliefs out in favor of such a price increase. But will it work or is it merely a political game? If it does work, will dairymen be better off? I don't think so.

The well-intentioned support price increase is weak for several reasons, but mostly because it would require cheese owners to sell to the government in order to work. If they do not sell, the price can stay below the new levels. And it is not news that those who make cheese and those who could actually sell cheese to the government, have a long history of not selling to the government even below previous support price levels. But that's only one side.

The new price levels are not earth-shattering. They equate to a Class III milk price of less than \$12.00/cwt – below costs on most every dairy farm. So what are the Senate Democrats really doing? They could be trying to help, but they could be simply using these new government pricing programs as bargaining chips for one of the most crucial Obama policy initiatives: health care reform. Unfortunately, the dairy industry may be caught in the middle.

But let's assume that the \$1.31 block, \$1.28 barrel price is enticing enough to make cheese owners deliver cheese to the government. Then what happens? No one knows for sure, but if history is a good indicator we will be at or near \$1.31 block, \$1.28 barrel for as long as the program is in place (at this point it's only a three month program). That means that in addition to supporting an unprofitable price, we also water-down the natural supply/demand mixture that moves prices. In other words, we may be staving off a potential rally to profitable levels. That is where this story goes from bad to dangerous.

Dairymen and milk prices have endured the utmost of miserable news all year – that is not fresh news. It is also not news to say that “one day it will turn around and prices will get better”. But there is something happening to the price and it may be sidelined due to governmental meddling. In the midst of such dismal bearish market information, the price of cheese in Chicago has climbed. It has not only climbed but also maintained its perch at higher prices nearly every day since mid-July - well before our Government raised support prices.

Skeptics and cynics – and most fit in this camp right now – are *not* paying heed to this price strength. They almost disregard it entirely having become conditioned to the bear market cycle. They assume the recent price strength is either followed by another aggressive decline or – more likely - it is caused expressly by government support prices. After all, we have plenty of cheese and we have yet to remove a half-million cows and 30 percent of US dairymen. But I disagree. Something else is at work here. In fact, I'm bullish the price of milk and I am against a well-intended government action that may have little impact, or worse, do more harm than good.



IDAHO DAIRYMEN'S ASSOCIATION

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Upcoming Meetings

August 10th	Negotiating Rule Making Boise, Idaho @ ISDA
August 12-14th	Idaho Milk Processors Annual Meeting
August 21st	Industry Relations Committee for IDEAL Twin Falls, ID @ Farmers National Bank
September 2nd-3rd	Commodity Ingredients and Hedging Chicago, IL
September 8th-9th	IDA & IDEAL Research Committee Twin Falls, ID
September 29th	Resolution Committee Boise, ID

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