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Winter Edition

# ACX ADVISOR

## Pacific Northwest - PNW Ellensburg Division Update

### Highlights:

- Hay supplies continue to dwindle...
- Central Valley ready to cut...
- Price expectations are very high...

Winter patterns continue in the PNW with heavy snow across the Cascade Mountains and some snow in the surrounding valleys and foothills.

Hay supplies continue to dwindle to very low levels in the PNW. Idaho beef cow operations are buying alfalfa feeder hay from surrounding states to cover their needs for feed. California dairies have come as far north as Montana looking for Supreme quality hay to get them through until new crop is available in California.



Washington Columbia Basin

farmers continue to look at switching alfalfa acres to spring planted grain. At this time we estimate acres of alfalfa will be reduced by 15-20% and could further decrease in the months ahead.

The same situation is occurring all over the PNW. Previous indications were that Timothy acres would increase by 10-15%. This may be overstated as many farmers have changed to grain crops instead of Timothy. We will have to see in the coming month how much increase in Timothy really develops.

Demand has been good from all areas; both domestic and export. Milk prices have been increasing, and U.S. dairies are seeing some profit. There is still a lot of concern about the overall health of the dairy industry in the U.S. Dairy input cost are increasing rapidly.

We are all concerned about another 2008 when commodities and hay prices all escalated followed by a sharp decline. We have not seen these high prices thus far in the PNW for old crop remaining sales.



We expect higher pricing in 2011. We are concerned customers may seek out alternative feeds and we could experience decreased demand. We are hopeful we have a healthy win-win market where growers can be successful and customers can be successful.

In our next ACX Advisor update we should be able to start indicating some PNW starting harvest dates. At this point, we estimate first cutting to begin around first week of May, 2011 with shipments available by the end of June or early July.

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# Pacific Midwest - PMW

## Wasco Division Update



After a strong start in February, wet weather has buyers excited about new crop alfalfa. Dairies in California have seen higher milk prices in late February and expectations are for milk future prices above \$20.00/cwt going into June.



Empty grower and dairy barns and a slower than normal winter has everyone looking for something to buy. Hay inventories around most of the central and northern valley are gone and the dairies are nervous about keeping their herds fed.



*ACX is Ready*



The Central Valley could start cutting early Spring growth next weekend if weather improves. Once other areas get started, prices are expected to soften overall. Most export buyers are on the sidelines now but could get more aggressive if prices do drop below \$200.00.

Roundup Ready alfalfa is approved for spring planting except for the Imperial Valley. Due to the seed production of produce and other seed crops, this type of alfalfa will not be available.

Temperatures in February were in the high 60s and lows in the 30's in the south valley, extreme cold morning lows were in the middle 20's.

Milk prices went up last week as powdered milk prices started up, but with alfalfa prices now around \$240.00 FOB, the delivered price is very high to the Tulare CA Dairies.



Speaking with a dairy feed nutritionist last week, many are concerned that dairies will feed poor and cheaper feeds that could reduce milk production. All the nutritionist had their dairy customers sign a release on liability letters to protect them for false claims on their dairies because of weak milk production.

There is concern that Sudan acreage maybe down this year because of the high prices for corn silage, alfalfa, wheat crops. Overseas buyers have also started to import grain and other commodities like whole cotton seed.

Combined with the flooding in Australia and high oil prices we could see all feeds and food rise. One USA provider of Sudan seed said most of their certified Piper Sudan seed is sold. Seed prices started going up and a shortage is possible for late plantings. Most exporters are not carrying old inventory, so early Sudan may bring another high price this year.



Early plantings of oats are finished and some growers will finish this week. Water is plentiful, so land that was fallow the last three years could come into production.

Rainfall totals are up 10 to 25% in most of CA. Oat hay will also be in demand for horse and retail buyers because the oat hay inventories have been steadily decreasing mostly because of low price and demand.

Wheat fields vary in height from 2" to 12". Some stands in the South are starting to head out but earlier fields will be down on yield.

# Pacific Southwest - PSW

## Wilmington Division Update

Growers in the Imperial Valley are mostly between cuttings after cleaning up the slight winter growth with some quality issues due to frost. Hay prices started out strong but climbed very high within one week. Price expectations for new crop are very high.

Despite forecasts calling for rain, the Imperial Valley remained dry and more growers are cutting short clippings. A few are seeing better production due to good weather and a dry extended forecast. Nothing is available on the market, but the bidding continues.

Arizona saw a return to winter and received much-needed rain, snow, and cold weather. Summer water outlooks have improved. With the exception of small, unprotected lots, little if any hay remains for sale. Several growers have oversold and are short on livestock feed.



Concern for a late start on the growing season, along with more acres of hay taken out for other commodities, and the low supplies of current inventories has price expectations at unseen highs.

Weather has been another concern in Arizona with recent below-freezing temperatures. Alfalfa is not growing like it typically does. Some hay is getting tall enough to cut with the late week temperatures rising into the 80's but growers are concerned it will turn cold again.

With that skepticism those who can cut are unfortunately going to green chop the hay for dairy feed. This takes some of the risk out of getting hay rained on and is easier on the fields.

## Weather Update

The below is a weather forecast for the primary growing regions of the Western 11 states. Please visit the weather section at [acxpacific.com](http://acxpacific.com) for more information.

Date	PNW – Ellensburg Area					PMW – San Joaquin Valley					PSW – Imperial Valley				
	Cond	High	Low	Rain	Wind	Cond	High	Low	Rain	Wind	Cond	High	Low	Rain	Wind
Mar 10		11	1	30%	W-SW 31km/h		25	9	0%	W 18km/h		31	11	0%	N 6km/h
Mar 11		12	1	20%	S-SW 14km/h		21	8	10%	W-NW 11km/h		32	12	0%	S-SW 14km/h
Mar 12		11	2	30%	S-SW 14km/h		19	8	0%	W-NW 8km/h		30	11	0%	SW 6km/h
Mar 13		10	2	30%	NE 11km/h		22	10	10%	NW 10km/h		31	12	0%	W-NW 6km/h
Mar 14		12	2	30%	SW 19km/h		22	9	10%	N-NW 8km/h		31	12	0%	W-NW 10km/h
Mar 15		12	2	30%	S 16km/h		21	9	10%	N-NW 10km/h		32	12	0%	W-NW 13km/h
Mar 16		12	1	30%	W-SW 19km/h		22	9	10%	NW 11km/h		32	12	0%	W 10km/h
Mar 17		13	1	10%	W-SW 14km/h		22	7	10%	N-NW 8km/h		31	11	0%	W 13km/h
Mar 18		12	1	0%	N-NW 13km/h		24	8	0%	SW 10km/h		30	11	0%	W-SW 11km/h
Mar 19		12	1	0%	NW 11km/h		21	8	60%	S-SW 13km/h		26	11	0%	W-SW 16km/h



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- Seal numbers
- Pictures of your product
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INTL IMPORT COMPANY			
1OUS540 Reference or LC #	2009-06-24 Booking Date	0001208888 Invoice Number	
2ND CUT PREMIUM DAIRY ALFALFA Product	US \$340.00 Price	ELLENSBURG, WA ACX Facility	
20 Containers Ordered	20 Containers Shipped	40HC Containers Type	
Shanghai Destination Port	COSCO Steamship Line	SHANGHAI EXPRESS Vessel Name	
2009-06-30 Cut-Off Date	2009-07-02 ETD	2009-08-30 ETA	
Document Package:			
DFSU602789-3 Container Number	9406099 Seal Number	58 Number of Bales	57,920 / 26.27 MT Net Weight



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