

July 2012
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Summer Edition

ACX ADVISOR

Highlights:

- PNW Timothy scarce compared to last year...
- PMW growers delaying harvest to maximize tonnage...
- PSW prices strong due to commodity markets...

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Pacific Northwest - PNW Ellensburg Division Update

First cutting Timothy harvest is now completed in the Columbia Basin and Ellensburg. Weather was a challenge throughout harvest due to rain every 4-5 days from the beginning of harvest to the end.

Approximately 40% of the Timothy crop was rained on, reducing the grade to #2 or below; 30% of the Timothy crop was reduced to grade #1.

The remaining 30% of Timothy is Premium grade or better. This is a strong contrast to last year when almost 80% of harvest was premium or better. Securing high-grade Timothy continues to be challenging.

With a strong bean market, many Timothy growers are expected to plow out timothy fields and move to beans. This is expected to put additional pressure on second cutting Timothy as most domestic horse users also utilize second cutting Timothy.

First cutting Columbia Basin alfalfa harvest ended with about 50% rained-on, 20% over-mature, and 30% export quality. Overseas buyers have been more aggressive than normal in securing high-end first cutting alfalfa. Similarly, the US dairy market and other commodities have rebounded in recent weeks resulting in more demand from domestic dairies.

Second cutting alfalfa harvest is approximately 40% complete and has been affected by on-and-off rain thus far. The delays of first cutting alfalfa led to multiple stages for second cutting harvest which will finish in 2-3 weeks. Recent weather has been warmer than average, putting additional stress on the alfalfa plants.

Ocean Freight remains stable and vessel space has been adequate in recent months. As always, it will be important to work closely with ACX in the coming months to ensure the proper forage and roughage products are secured. Please contact us freely to discuss ways we can help meet your needs.



Pacific Midwest - PMW

Stockton Division Update

PMW weather has been very hot with high temperatures in the 100's and low temperatures in the upper 80's. Harvesting operations will continue on schedule, but alfalfa growers are delaying cutting to maximize tonnage. Quality is starting to decline as bloom covers older fields.

Dairies are expecting milk prices to rise into the \$17.00 per 100 pounds by September, just in time for corn silage production. Base milk price has had a devastating effect on hay prices all year. Grower price ideas today are still relatively high.

Alfalfa market outlook is for prices to stabilize by September. Although, the Nevada market is uncertain as growers are holding for higher prices.

Rolled corn prices are over \$340, up 40% in just two weeks, so the best buy for dairies is alfalfa. However, dairies do not have enough money and must feed small rations of less expensive feed products.

Sudangrass production is now in full swing with later fields being planted behind wheat. Acreage reports in Imperial Valley show same as last year but quality is reported to be lower than 2011. Export demand is a little slow due to high asking prices from growers. Some farmers feel seed costs and fertilizer are too expensive and someone has to pay more.

ACX TRUESWEET™ Sudan is now being produced in Northern California near the ACX Stockton hay processing facility. Growers are adjusting their planters to accept the bigger seed. More than 5,000 acres of TRUESWEET™ Sudan will be planted in the next week.

Oat hay harvest is finished with inventory available in the Northern California region.

Wheat straw fields in the Central San Joaquin Valley are mostly finished cutting. However, northern California growers are just starting to cut wheat straw.



ACX is Ready



Pacific Southwest - PSW

Wilmington Division Update

Imperial Valley and Arizona weather has been hot with high temperatures in the 100+ ranges and low temperatures in the upper 80's. Harvesting operations continue with the hot weather accelerating the growth cycle. Quality is starting to decline as the typical summer hay cycles are here.

Idaho and Utah weather is warm to hot. Harvest is into second cutting. The first cuttings were noted for very high RFV's and strong demand from domestic buyers. Growers hope to continue this price structure with their second cuttings. Expect pricing to soften slightly, but alfalfa is still mostly in strong hands.



In Idaho, the market is moving up due hay buyers from the Midwest purchasing hay to overcome drought conditions. Eastern Idaho is currently between cuttings and Western Idaho is nearly complete with 2nd cutting with market pressure in the west from export buyers. A lot of rain from Western to Central Idaho has caused damage to at least 50% of 2nd cutting crop.

Utah rain has caused some isolated damage. Demand is strong from exporters and dairies. Overall, drought having an impact on hay production in Utah. Some farmers don't have enough water to make it through the year.

Growers in all areas have an expectation of strong prices due to the effect of expected strengthening of milk prices and strong corn prices. Alfalfa pricing at the stack is still uncertain going forward, but some clarification and stabilization is expected by September.

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 for more information.

Date	PNW – Ellensburg Area				PMW – San Joaquin Valley				PSW – Imperial Valley			
	Cond	High	Low	Rain	Cond	High	Low	Rain	Cond	High	Low	Rain
17 Jul		32	18	30%		31	18	0%		39	23	0%
18 Jul		34	18	20%		32	21	0%		39	26	10%
19 Jul		34	17	10%		34	22	0%		42	27	10%
20 Jul		29	16	0%		36	22	0%		42	28	0%
21 Jul		32	16	0%		38	24	0%		40	29	0%
22 Jul		33	15	0%		38	25	10%		35	28	40%
23 Jul		34	17	0%		37	24	0%		39	28	30%
24 Jul		31	16	0%		38	24	0%		42	28	0%
25 Jul		31	16	0%		37	24	0%		42	28	0%
26 Jul		29	14	0%		37	21	0%		42	28	0%

LogistACX - Online Documentation

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- Price
- Steamship Line
- Vessel
- ETD and ETA
- Container numbers
- Seal numbers
- Pictures of your product
- Other Information

Your comments and suggestions for the LogistACX system are always welcome. Please send your emails to gregdewitt@acxpacific.com.

As always, our goal at ACX is to create the best agribusiness possible that supplies the highest value of forage and roughage products and services worldwide.

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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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