f o r t h r e e g e n e r a t i o n s ~ f o r a g e s t o c o m e

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Spring Edition

ACX ADVISOR

Pacific Northwest - PNW

Ellensburg Division Update

Highlights:

- High hopes for good quality first cutting...
- Central Valley harvest has begun…
- Full Spring production with increasing PSW yields…

Contents:

In the southern area of the Columbia Basin, hay is about 4-5" tall and could be ready to cut in about 30 days. Northern area fields are greening up now and are just starting to grow, estimating about 45 days until cutting.

Temperatures have been cool during the day and cold at night. Lack of warmer weather in the next month could further delay the 2011 first cutting.

Current estimation is that alfalfa acres in Washington are down about 10% which is the percentage before first cutting. We could also see additional reduction of acres after first cutting is harvested.

Old crop inventory has cleaned up well, with very few farms offering new crop. In addition, exporters report they still have inventory in hand and that it is being sold.

Hopes are high for a good quality first cutting harvest in 2011 due to the fact that last season was one of the most difficult seasons and the quality was below customer expectations due to rain and harvest delays.

So far alfalfa has grown very slowly and has the potential to make great quality if good weather persists at the time of Harvest.

Compared to the past two years, growers are very optimistic as many common crops in the PNW are seeing strong prices. Commodities such as corn and wheat are being traded at above average prices and placing pressure on the alfalfa market.

Despite Class III milk prices closing at $19.40 for March, April prices have been in the $16 range. Dairies in the PNW have not been aggressive to make large hay purchases nor have they taken on big inventories. Their performance in the year ahead will still depend on improving milk prices.

Several new vessel services have come to the PNW with direct calls to Asia increasing export capacity from the PNW. While there has been limited upward movement on rates recently, more available capacity is expected to be a benefit to exporters.

Pacific Midwest - PMW

Wasco Division Update

ACX is Ready

March demand levels were at a frantic pace as new crop alfalfa harvest started in the Imperial Valley and Arizona.

Most dairies in central California have seen farmers demanding top price for early alfalfa regardless of the poor condition of the milk market. Milk futures for this summer are expected to decline by 15% from current levels.

Empty hay barns on all dairies, farms, and feed lots are an obvious reminder of 2008.

Imperial Valley has finished first cutting along with Arizona and parts of New Mexico. Yields are down some because of a cool spring and earlier than expected harvesting schedules.

SJV harvesting was expected to help lower prices. However, rain delays and cool weather kept growers out of the fields. This allowed farmers in the south to hold for higher prices.

The Central valley just started cutting last weekend and prices are already beginning to soften. Diaries are tired of the price gouging and are ready to say “No!”

The market is still confused as buyers and sellers start to sort out the pricing and quality now that more stacks are resting at the farms. Contracts are starting to make sense to growers now that things are slowing down.

Export demand is strong but buyers are few with resistance from overseas importers.

Fuel prices are still on the table with some expecting raising oil prices going into the summer.

Other commodities are starting to dip some as economists start to get a feel for acreages planted and available water allocations are released.

Silage chopping will start in 2 weeks; dairies will only be able to pay for chopping and not have enough money to cover alfalfa purchases for the month.

With high alfalfa prices, growers are still interested in grower Sudan for export. Many feel even if quality is non-export they will still receive a fair price.

Water is not a problem this year and most farmers can get free water in April and May. Warm weather is causing snow to melt earlier and putting pressure on lakes and dams to release excess water.

Fertilizer prices are still holding even with the higher oil prices, so many growers feel they can make a good profit on their crops.

We are not expecting to see additional acres of Sudan this season but growers may decide that cotton is a better option if Japan shows signs of more trouble.

Growers are starting to cut smaller fields to test the market, however, they will begin to harvest larger fields once the weather improves and they feel quality is right.

Dryland oat hay looks very good this year and tonnage will be up. Prices are expected to be stronger than the last few years.

Most fields are headed out with good germination. A strong yield is expected for the summer. Prices have dropped some but not enough to stop farmers from planting.

Dairy prices for straw are still undecided, but once the alfalfa market stabilizes, dairies will start to contract.

Pacific Southwest - PSW

Wilmington Division Update

This harvest season has started in the south with a very aggressive market trend. However, with softening US Milk prices and unstable markets around the world, we are finally seeing the hay price stabilize and reduce.

Scattered rains through central and southern California along with parts of western Arizona have threatened the hay harvest. The 10 day outlook shows warm temperatures and very good conditions for hay harvest.

Most farmers are in full spring production and yields are increasing daily. ACX continues to be aggressive, yet conservative in our acquisitions strategy on the West Coast, specifically the Southwest.

Memories of the 2008 bubble are still fresh in our minds, and it is our goal to provide competitive, quality products, consistently to our customers and end users.

In Nevada, Utah and Idaho, winter weather is still prevalent. Most areas received some snow storms the past 20 days, which is good for harvest water outlook. Too much precipitation could cause flooding or delay the spring planting of some crops.

Overall, ACX has established a good base of future contracts in these areas. Domestic dairy pressure is pushing some price levels higher for future contracts, specifically in Idaho.

Otherwise, these areas are watching the southern markets closely for an indication of the future. Most farmers are wary of price levels reaching unsustainable levels and collecting payment for product sold. Rising oil and energy prices will prove a challenge in transportation from these outer areas.

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.

	PNW – Ellensburg Area					PMW – San Joaquin Valley					PSW – Imperial Valley				
Date	Cond	High	Low	Rain	Wind	Cond	High	Low	Rain	Wind	Cond	High	Low	Rain	Wind
Apr 13		11	1	30%	W-SW 24km/h		18	7	0%	N-NW 26km/h	WINDY	27	11	0%	W 43km/h
Apr 14		11	2	50%	S 19km/h		21	9	0%	N 23km/h		28	12	0%	N-NW 16km/h
Apr 15		13	3	10%	SW 14km/h		24	13	0%	W-NW 16km/h		33	17	0%	N-NW 10km/h
Apr 16		13	0	20%	W-NW 29km/h		25	14	0%	NW 14km/h		36	19	0%	W-NW 10km/h
Apr 17		12	0	20%	W-NW 26km/h		25	13	0%	N-NW 13km/h		36	18	0%	W-SW 23km/h
Apr 18		14	1	10%	NW 19km/h		23	12	10%	N-NW 16km/h		28	16	0%	W 29km/h
Apr 19		14	2	0%	NW 16km/h		24	11	0%	N-NW 13km/h		32	16	0%	W 18km/h
Apr 20		16	3	10%	W-NW 16km/h		24	12	0%	N-NW 14km/h		33	16	0%	W 18km/h
Apr 21		16	4	0%	W-NW 18km/h		26	13	0%	N-NW 16km/h		34	16	0%	W 14km/h
Apr 22		17	6	0%	W-NW 18km/h		27	13	0%	N 14km/h		34	15	0%	W 13km/h

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- Product
- 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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