

July 2011
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Summer Edition

ACX ADVISOR

Pacific Northwest - PNW *Ellensburg Division Update*

Highlights:

- PNW Ellensburg Timothy harvest is underway.....
- SJV growers delaying alfalfa cutting...
- PSW market strong with limited softening...

Ellensburg Timothy Harvest is well under way and the quality has been above average. The cool long spring has kept brown leaf minimal and the color is very good green color. Harvest should be completed in the next 7 days. Buyers are aggressive to purchase.



Many farmers will be taking timothy out of production after first cutting. It is not yet determined how much less timothy will be planted, but early indications are growers will reduce timothy acres for 2012.

Alfalfa Growers have started second cutting. Hay testing over 150 RFV has been sought after aggressively by U.S Dairies and exporters. Prices are the same or higher than first cutting thus far.

Weather is cooperating well and hay appearance is very good so far and Columbia Basin growers will continue to cut hay over the next 2 -3 weeks. Warmer temps could have maturing effects on second cutting alfalfa that is not cut in time.

PNW alfalfa remains in short supply with high prices for all grades of hay. Most areas are one month behind schedule and growers are anticipating one less cutting in most areas this year.

Demand has kept up with production so far and hay has not started stacking up on farms. Buyers are very concerned about high prices of Alfalfa in 2011. It seems the situation with lower acres, late harvest, and lack of carry over inventory is very real across the west.



Fuel prices being higher than last year has added to the cost of transporting hay during harvest time. The scheduled bunker increase for July 1st did not take effect and although movement has been minimal, there is some downward pressure on Ocean Freight rates.

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Pacific Midwest - PMW

Wasco Division Update



The alfalfa market is holding steady after the July 4th holiday. Growers are delaying cutting fields for 45+ days and some late fields are starting to lie over from excess growth. Bloom and some stress from the humidity are bringing color down.



SJV finished third cutting and started fourth cutting last week. Prices are starting to lower for the moment but dairies are still willing to pay very high prices for Utah and Nevada high dairy quality alfalfa.



ACX is Ready



Recent rains in the south, Arizona, Nevada, and Utah are keeping the market confused. Many of the larger farmers are watching weather patterns to try to keep some quality. Highs in the 100's and high humidity have hurt the yields and slowed other crops like cotton.

Dairies in Tulare are slowly reducing alfalfa and substituting with corn and silage. Nevada brokers are in California looking for better quality for their dairy customers.

Some export customers are coming over a second time to see how quality and prices are shaping up. The domestic market is expected to be much stronger in September and October.

Wheat straw harvest started in last week and yields are very high with strong prices at the farm.



Farmers are beginning to harvest TRUESWEET™ Sudan and Piper Sudan. Most Sudan fields will only see 2 cuttings this year. Cool Spring weather and late harvesting of wheat fields and green chop delayed planting.

Water is still plentiful due to heavy snow run off from hot weather. Export customers struggle to accept these prices but are buying small amounts as needed.

Northern CA. Harvest is around middle to late July. Dairies are planting more sudan than normal and may start selling to exporters to create more cash flow.



Dryland oat harvest has ended and most stacks have been sold and moved. This has been a great year for the dry land farmers. Most have produced 3 tons average in a year when feed is in short supply.



Pacific Southwest - PSW

Wilmington Division Update

With the start of July, the first cutting harvest in Utah, Idaho, and Nevada is coming to a late finish. Quality is varied with mixes of premium, rain-damaged, and over-mature hay.

The market is still very strong due to low supplies but some inventory is building. Most farmers are speculating that prices may be higher, but there are some reports of softening during the second cutting in these areas.

In the PSW, hot and humid conditions are lowering the quality of Alfalfa. Many dairies will not or cannot pay the high prices for non-testing hay.

Central and Western Arizona along with some areas in the Imperial Valley received some precipitation this past week. Rainfall varied depending on location, but some areas received as much as 2" of rain in a monsoon downpour.



First cutting Sudan harvest is finished with the overall quality being consistent in the good to premium range.

Many forage purchasers, domestic and export, are struggling to find a balance of price vs. demand. Many foreign markets continue to need US feed, but the higher prices threaten to decrease demand and open the door to competition or replacement feed.

For the time being, it seems as though grain and oil commodities have settled. Perhaps Alfalfa and other forages will do the same in the coming weeks.

Westbound Ocean freight has stabilized in the first two quarters of 2011. In some instances, ocean freight is similar to 2009 levels as additional vessels are brought online in preparation for peak import season.

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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
Jun 11		27	14	20%		34	18	0%		40	25	0%
Jun 12		27	13	20%		34	17	0%		40	22	0%
Jun 13		23	11	10%		31	17	0%		38	22	0%
Jun 14		22	11	10%		31	18	0%		39	22	0%
Jun 15		25	12	10%		31	18	0%		38	23	0%
Jun 16		26	13	10%		33	19	0%		40	25	0%
Jun 17		27	14	0%		37	21	0%		42	28	0%
Jun 18		27	14	0%		38	24	0%		43	30	0%
Jun 19	WINDY	26	12	0%		40	24	0%		44	32	0%
Jun 20		28	14	0%		41	28	0%		44	32	0%

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- Vessel
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- Container numbers
- Seal numbers
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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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