

THE HOYT REPORT, INC.

HYBRIFORCE
 Hybrid Alfalfa


Western States Hay Market Analysis and Insights

Released: January 11, 2013 • Frequency: Weekly • VOL. 6 NO. 2 (209) 274-9945

1 of 4 Pages

www.thehoytreport.com

Note: Next week's report will be released late Saturday January 19, 2013. I will be speaking at the WA Hay Growers Conference on January 17.

This week's Market Overview

Another week of very few trades on alfalfa hay in central California. In a limited test, alfalfa hay prices steady. Delivered alfalfa hay prices mixed, mostly steady to weak. **(Sales in narrative of report are fob stack unless noted otherwise, dollars per short ton)**

A few more trades on barn or tarped alfalfa hay this week in the central and northern San Joaquin Valley but very slow activity. A little more barn hay will be offered in the coming weeks. Reports of a few more dairies to sell in the weeks ahead and these are not bank deals. A few more new crop wheat straw contracts but it is the same player as the past few weeks and most other dealers who handle straw are not in the game. Rain early in the week with reports of a quarter inch in Kern County to an inch in the northern valley.

In Kern County, **Dairy:** 475 tons Good alfalfa hay \$235 fob barn. **Contract:** 4,000 tons new crop wheat straw big bales \$122 delivered to the dairy.

In Kings, Tulare, and Fresno Counties, **Dairy:** 50 tons Premium alfalfa hay \$260 fob barn, 125 tons a little high in moisture \$265 delivered; 1,300 tons tarped mixed Good to Supreme alfalfa hay big bales, \$240 fob stack; 300 tons Fair/Good tarped alfalfa hay with

Copyright (c) This publication may not be reproduced in whole or in part by physical, electronic, or other means of reproduction nor transmitted in any form without the permission of the author.

Disclaimer: Author does not guarantee the outcome of forecast or predictions. Information obtained from sources is believed to be reliable but is in no way guaranteed.

Market Indicators...	Unit	Most Recent	Week Ago	Year Ago	
California Overbase Milk Price (Nov 2012)	Cwt.	\$18.49	Oct-\$18.47	\$17.61	
Milk Mailbox Prices * October 2012					
California (CDFA)	Cwt.	\$19.40	Sep-\$17.36	\$17.89	
Idaho (private)	Cwt.	\$20.56	Sep-\$18.70	\$17.29	
New Mexico (USDA)	Cwt.	\$19.39	Sep-\$17.92	\$17.54	
Oregon/Washington (USDA)	Cwt.	\$21.18	Sep-\$19.17	\$19.66	
Class 111 milk Futures –CME (Feb 2013)	Cwt.	\$17.61	\$18.40	\$17.48	
Milk Cost of Production -					
California (CDFA) July – Sep 2012	Cwt.	**\$18.46	***\$16.84	**\$16.41	
All Hay Exports From West Coast Ports (U.S. Dept of Comm.) Jan – Oct 2012					
California Ports	Short Tons	1,706,722		1,396,602	
Washington & Oregon Ports	Tons	1,915,942		1,892,580	
Alfalfa Hay shipped into CA by Truck January – November 2012	Tons	673,510		755,049	
Rolled Corn Delivered to Central CA Dairies	\$/Ton	\$315	\$310	\$288	
No. 2 Yellow Corn – FOB Iowa (USDA)	\$/Ton	\$251-\$260	\$246-\$257	\$208-\$216	
Ethanol Price – FOB Iowa (USDA)	\$/Gal	\$2.10-\$2.20	\$2.08-\$2.17	\$2.08-\$2.19	
Crude Oil – New York Futures (Feb 2013)	\$/Barrel	\$93.56	\$93.09	\$98.70	
Alfalfa Hay Prices – (The Hoyt Report)					
California – Dlvd to Tulare/Hanford Dairies					
Tons					
Supreme	1,300	\$/Ton	\$285-\$305	\$290-\$305	\$320-\$330
Premium	1,725	\$/Ton	\$275-\$285	\$275	\$305-\$310
Good	1,375	\$/Ton	\$260-\$280	\$250-\$260	\$290-\$305
Fair (grassy \$217-\$220)	1,300	\$/Ton	\$225-\$245	\$230-\$235	No Sales
Dlvd Escalon, Modesto, Turlock Dairies					
Supreme	750	\$/Ton	\$285-\$295	\$287-\$303	\$315-\$325
Premium	700	\$/Ton	\$265-\$280	\$270-\$275	No Sales
Good	600	\$/Ton	\$245-\$265	\$245	\$290-\$305
Fair	425	\$/Ton	\$225-\$235	\$225-\$235	\$265-\$285
Idaho – Alfalfa Hay, FOB					
Supreme (Dairy)	10,100	\$/Ton	\$220-\$230	\$230	\$250
Premium (Dairy)	1,050	\$/Ton	\$200-\$215	\$210	No Sales
Good/Premium (Dairy)	4,450	\$/Ton	\$190-\$200	\$190-\$195	\$235
Fair (Dairy)	6,450	\$/Ton	\$180-\$190	\$180-\$185	No Sales
WA/OR (C. Basin) Alfalfa, FOB					
Premium (Export)		\$/Ton	No Sales	\$240-\$245	No Sales
Good/Premium - (Dairy)	50	\$/Ton	\$220	\$265	No sales
Fair/Premium (Dairy)	2,500	\$/Ton	\$210	\$225	No Sales
Fair (Dairy)	1,850	\$/Ton	\$190-\$210	No Sales	No Sales

* Total receipts less marketing costs and assessments. Idaho price is non-weighted

** Does not include return on investment and management costs. ***Previous quarter

bottom damage \$210. 250 tons Fair alfalfa hay \$210 fob barn, 150 tons rain damaged \$157. Load Premium oat hay big bales in barn \$190, short haul. 150 tons wheat straw \$110 fob barn, shorter haul. **New Crop Contract:** 2,800 tons wheat straw big bales \$115 to \$116 delivered to dairies. **Retail:** Couple loads Premium retail alfalfa hay \$300 delivered.

In Los Banos-Dos Palos and Merced, hay trading very slow, **Dairy:** 100 tons tarped Good alfalfa hay \$235 fob stack; 400 tons Fair alfalfa hay \$210 fob barn. 50 tons tarped Premium beardless wheat hay \$170.

In the Imperial Valley, alfalfa hay sales to dairies steady to \$5 lower, no recent comparison on most alfalfa hay for export. No recent comparison on Good bermuda hay for export and no sales of other grass hay for export. Retail alfalfa and bermuda markets steady. Some dairy alfalfa hay was testing better than it looked which kicked some of it from Premium into the Good category. Better than normal demand for export alfalfa hay for this time of year but not widespread buyer participation. Cold temperatures have even hit the desert with forecast of low temperatures in the mid 20's on Sunday. **Dairy:** 600 tons Premium alfalfa hay \$220 to \$225 fob stack; 2,265 tons mostly Good, few Premium alfalfa hay \$205 to \$215, 1,450 tons with various faults including higher moisture, a little trash, rained on, etc. \$190 to \$200; 725 tons Fair alfalfa hay \$180 to \$190, 150 tons grassy summer hay \$160. 250 tons Fair bermuda hay for dry cows, \$135 to \$140. 125 tons wheat straw \$60 fob stack. **Export:** 825 tons Premium alfalfa hay small bales \$220 to \$230 (Market News reported 2,300 tons at \$230), 150 tons in a barn \$235 fob; 1,000 tons Good export alfalfa hay \$205 to \$220, mostly \$210 to \$215; 450 tons Premium stable weight alfalfa hay to go directly into container without pressing \$250. 608 tons Good bermuda hay \$180 to \$185. 80 tons bermuda straw, recent production, \$120 fob stack. **Retail/Stable:** 625 tons Premium retail alfalfa hay, mostly in barns, some tarped, \$240 to \$250 fob; 425 tons Premium stable alfalfa, tarped & in barns, \$230 to \$240; 50 tons Good stable alfalfa hay \$210, 375 tons \$200. 300 tons Premium retail bermuda hay, tarped or in barns, \$250; 250 tons Good retail bermuda hay \$230. **Feedlot:** 200 tons Good alfalfa hay big bales \$205. 500 tons Low/Fair quality rain damaged sudan hay \$110 to \$115.

In Blythe, alfalfa hay market steady on dairy and retail hay. **Dairy:** Load Premium alfalfa hay \$220; 900 tons Good alfalfa hay \$190 to \$200 fob stack; 775 tons Fair alfalfa hay \$170 to \$180, 650 tons grassy or rained on \$150 to \$160; 300 tons Low quality rain damaged or high moisture \$100. **New Crop Contract:** 7,000 tons Fair to Supreme alfalfa hay for the season, price to be established when each cutting goes in stack, a little money up front, to southern CA buyer. **Retail:** 975 tons Good to mostly Premium retail alfalfa hay, mainly in barns, \$240 to \$250, large amount at \$240, 250 tons 100 to 105 lb. bales \$230; 150 tons Good retail alfalfa hay, tarped & in barn, \$230 to \$240. 115 tons Premium retail bermuda hay \$235 to \$240 fob barn.

In Tracy-Patterson, Modesto, Stockton, and Lodi, no decent comparison to test market trend. (Most in barns) **Dairy:** 275 tons Premium alfalfa hay \$245 to \$250 fob; 175 tons Fair alfalfa hay \$215 fob barn; 50 tons Low/Fair quality alfalfa \$160 to \$170. 100 tons Good/Premium forage mix or oat hay \$175 to \$180 fob. 75 tons Good sudan hay for dry cows \$160.

In the Sacramento Valley, alfalfa hay market for dairy & retail steady in a light test. (In barns) **Dairy:** 50 tons Supreme alfalfa hay \$260 fob, to Turlock; 75 tons Premium alfalfa hay \$240. 50 tons Fair ryegrass hay for beef cows \$160 delivered. 150 tons Premium oat hay \$145. 50 tons rice straw \$40 fob stack, for dairy heifers. **Export:** 350 tons Premium ryegrass hay small bales \$175. 900 tons rice straw big bales for export, \$40 to \$50 fob barn or tarped stack. **Retail:** 275 tons Premium retail alfalfa hay \$240 to \$250, mostly \$240, load Fancy \$260 fob barn. Load Premium orchardgrass/fescue hay \$250. 100 tons Premium retail oat hay \$150. 175 tons stripper head harvested small bale wheat straw for race tracks \$4/bale. 75 tons rice straw small bales for feed stores \$3/bale and 75 tons for erosion control \$2.50/bale.

In the Northern Mountains, a few alfalfa hay sales steady in a limited comparison. (In barns) **Dairy: Organic** – 200 tons Good/Premium alfalfa hay \$285, winter take-out. **Beef: Conventional** – 220 tons Fair/Good alfalfa hay \$200 fob, current move for beef cows. **Export:** 500 tons Good alfalfa hay small bales \$210 fob barn, winter take-out.

In Arizona, alfalfa hay market steady in a very limited test. **Dairy:** In Poston, 200 tons Premium alfalfa hay \$225 fob stack, to southern CA dairies; 250 tons Good alfalfa hay \$190. **Retail:** In Poston 200 tons tarped Premium retail alfalfa hay, fully wrapped, \$230. In South Central Arizona, 250 tons Premium retail alfalfa hay \$255 to \$265 fob barns, 150 tons 90-95 lb. bales \$270. **Export:** In Southwest Arizona, 600 tons Good export alfalfa hay, tarped big bales, \$195 to \$200 fob stack.

In Nevada, few alfalfa hay sales steady to mainly California dairy buyers. Cold weather this week. All sales on big bales unless specified otherwise or on retail. **Dairy: Organic** – North of Winnemucca, 300 tons outside Fair alfalfa hay \$200, current move. In Yerington, 200 tons Premium outside alfalfa hay \$250; 200 tons low Good organic alfalfa hay \$220. **Conventional** – In Winnemucca & North of Winnemucca, 825 tons outside Supreme alfalfa hay \$220 fob stack, current move. 150 tons wheat straw big bales \$125 delivered from Oregon for beef cows. In Lovelock, 50 tons Fair alfalfa hay

Copyright (c) This publication may not be reproduced in whole or in part by physical, electronic, or other means of reproduction nor transmitted in any form without the permission of the author.

Disclaimer: Author does not guarantee the outcome of forecast or predictions. Information obtained from sources is believed to be reliable but is in no way guaranteed.

\$190 fob stack. 125 tons Good/Premium beardless wheat hay \$150. In Diamond Valley, a sample load of Premium alfalfa hay \$215 fob barn, to CA dairy. In Yerington, 400 tons Premium & Supreme alfalfa hay \$240 fob barn; 200 tons Good outside alfalfa hay \$215; 200 tons Fair dry cow alfalfa hay \$180 fob stack. **New Crop Contract:** In Central Nevada, 3,000 tons of second cutting alfalfa hay, price to be established from a range of \$140 to \$210 fob when hay goes in stack, half the money up front, for beef cattle in Nevada. Oat hay price also to be established after it goes in stack in a price range from \$100 to \$130 per ton. **Retail/Stable:** In Yerington, 50 tons Premium retail alfalfa \$230 fob barn, 100 tons 106 lbs. \$220; 100 tons Good outside retail alfalfa \$200; 75 tons Good stable alfalfa hay, 131 lbs., \$180. Load Premium stable alfalfa hay with about 30% orchardgrass \$230.

The most active alfalfa hay trading in the west this week was in Idaho with around 30,000 tons of hay traded to mainly dairy hay buyers with 3,500 tons of alfalfa going to Midwest dairies and 500 tons going to Washington. Alfalfa hay market was steady to \$5 higher in a limited comparison with last week's much smaller volume of sales. All sales on big bales. **Dairy:** In Eastern Idaho, 9,600 tons Supreme alfalfa hay \$215 to \$230, mostly \$225 to \$230 fob tarped or straw covered stacks, current to extended move; 550 tons outside & tarped Premium alfalfa hay \$200 to \$215; 7,000 tons mixed quality, Fair to Supreme alfalfa hay in barns, few tarped, \$205 fob straight through; 4,000 tons (including 1,000 tons in central Idaho), Fair alfalfa hay \$180 to \$190, latter price both outside & covered stacks, 400 tons mixed quality for beef cows \$185 to \$190. 300 tons wheat straw big bales \$40 fob stack. In Southwest and South Central Idaho, 500 tons Supreme alfalfa hay \$220 to \$230 fob barns; 500 tons outside Premium/Supreme alfalfa hay \$200; 4,450 tons outside mixed quality, mostly Good to Premium alfalfa hay \$190 to \$200, 70% of this hay is going to the Midwest, current to extended move; 2,450 tons Fair alfalfa hay \$180 to \$185. 600 tons Good ryegrass hay \$110 fob stack, for beef cows. 1,400 tons wheat straw big bales \$33 fob stack, 1,200 tons \$60 to \$68 delivered, mostly \$60 delivered to dairy.

In the Washington-Oregon Columbia Basin, another week of slow hay trading with a few sales to dairies or dairy heifer lots with no recent comparison on market trend. No sales reported for export this week with most export buyers not in the market for alfalfa. All sales on big bales unless noted otherwise, prices are on a covered or current move basis. **Dairy:** 50 tons Good/Premium alfalfa hay \$220; 2,500 tons tarped mixed quality Fair to Premium alfalfa hay, \$210 fob stack; 1,850 tons Fair alfalfa hay \$190 to \$205, mostly \$200, mostly for dry cows or dairy heifer lots.

In Utah, Fair alfalfa hay market steady but no recent comparison on other qualities, undertone steady. Heavy snow hit parts of Utah this week. All sales on big bales. **Dairy/Beef:** In Central Utah, 650 tons Premium alfalfa hay \$210 fob barn, current move to local dairy; 400 tons outside Fair alfalfa hay with a little oats & weeds \$160, to local beef operators. 500 tons outside wheat straw big bales \$70 fob stack, to background beef lot for feed & bedding. In East Central Utah, 400 tons outside Fair/Good alfalfa hay \$180. In Northern Utah, 400 tons Fair alfalfa hay \$180 fob barn, destined to Wyoming beef operator. **Export:** In Southern & Central Utah, 680 tons Supreme alfalfa hay for export \$230 fob barns, current move.

My Perspective – I was going to talk about 2013 alfalfa hay prices in the west but I ran out of room. I will discuss this next week. USDA's December 1 hay stocks estimate shows hay supplies lower than I expected in some areas of the west and this along with the possibility of less alfalfa hay acres and production in the west is going to make for an interesting season. I will discuss various scenarios next week. It would be nice if this cold weather would slow down U.S. milk production enough that it would boost milk prices higher. The next USDA milk production report comes out January 23.

Milk Mailbox Prices – The October milk mailbox prices are on page 1 this week. USDA made a correction on the New Mexico price for September from \$19.26 to \$17.92. It is interesting when you look at the difference between Idaho and California milk mailbox prices in October 2012 versus the previous year. In October 2011 Idaho's price was 60 cents cwt. below California and in October 2012 it was \$1.16 cwt. higher, quite a turnaround in one year.

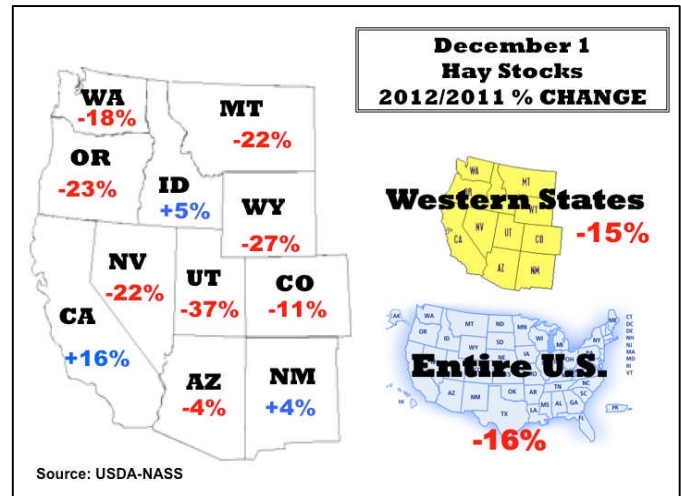
Hay Thefts – A follow-up to last week's report, a dairyman from central California confirmed an increase in hay thefts. He said in the past month there have been three incidents where hay was stolen between Fresno and Lemoore. He said thieves are also stealing rolled corn and DDG.

Short Hay Supplies in Some Areas of the U.S. – If you noticed in the Idaho hay section above there was Good to Supreme alfalfa hay selling to Midwestern States (Wisconsin, Ohio, Indiana, and Missouri). Buyers said the hay was moving on flatbeds and will be tarped. I was told that the only way this is working is because of back-haul freight rates and it appears that much of this hay will deliver in the high \$200 to over \$300 per ton. I have read where more alfalfa hay will be planted in some areas of the Midwest this spring but it appears that hay supplies will be very tight this winter. A subscriber said that 600 tons of 180 RFV alfalfa hay in eastern New Mexico brought \$280 fob the barn and will deliver to Texas Panhandle dairies for around \$315. Market News reported two weeks ago that Premium/Supreme alfalfa big bales were delivering to Texas Panhandle dairies for \$300 to \$325.

Copyright (c) This publication may not be reproduced in whole or in part by physical, electronic, or other means of reproduction nor transmitted in any form without the permission of the author.

Disclaimer: Author does not guarantee the outcome of forecast or predictions. Information obtained from sources is believed to be reliable but is in no way guaranteed.

Hay Stocks Down in the Western States and U.S. on December 1, 2012 – Hay stocks in the 11 western States on December 1 were down 15% from December 1, 2011. California was the only State in the west showing a double-digit increase and Utah was down the most with 37% less hay on hand than the previous year. My dealer contacts in Utah were telling me that hay supplies were down. I thought Idaho would be about the same and USDA showed it up 5%, although there has been quite a bit of hay traded in Idaho since December. I didn't think Washington would be down as much as the report showed but there is no doubt that timothy hay supplies are down significantly from a year ago. I revised my Hay Balance Sheet for CA using USDA's revised hay production numbers. USDA revised CA alfalfa hay acres down to 950,000 and the yield at 6.9. The USDA revised numbers were close enough to my estimate that I went with their numbers. Total hay supplies in the CA balance sheet were revised to 10,550,000 tons and usage was revised to 8,550,000 tons. The only revision I made on usage for 2012 was to raise hay fed to dairy cows (mostly alfalfa) to 3,200,000 tons based on the stronger usage the second half of 2012 due to high corn and protein feed prices. My final estimate on CA hay stocks on December 1 was 1,950,000 tons compared to USDA's 1,900,000 tons.



Corn Prices Move Higher this Week – USDA' grain stocks estimate today showed fourth quarter ending corn stocks below trade estimates which would indicate strong feed & residual demand. March through July CME corn futures prices were up 8 to 10 cents a bushel today and March closed at \$7.0875 a bushel compared to \$6.89550 on Monday. Rolled corn delivered to Tulare-Hanford, CA dairies today was \$315 per ton compared to \$3.10 last Friday.

Dairy News - There were around 9,000 dairy heifers and Holstein steer calves at a special sale at the A&M Livestock Auction in Hanford, CA on January 9. All of the open heifers sold to out-of-State buyers (mainly Texas, Kansas, and Nebraska) with 400 to 600 pound Holstein heifers averaging \$1.15 per pound. Holstein Springer heifers averaged \$1,200 per head with the better heifers trading from \$1,400 to \$1,550. 6,000 Holstein steer calves sold on a video sale with 300 lb. calves averaging \$1.41 cwt. Slaughter cow price trends were mixed at central CA auctions this week, steady to \$2 higher with some \$2 lower. Breaking and better boning Utility cows traded from \$66 to \$78 cwt. CME cheese prices were down 4 to 4.75 cents per pound this week with blocks closing at \$1.72, compared to \$1.76 last Friday and \$1.5950 last year. Barrel cheese was \$1.6725 today, \$1.72 last Friday and \$1.55 last year. February through May Class 111 milk futures prices closed the week 17 to 79 cents lower than last Friday. According to the Dairy & Food Market Analyst, U.S. dairy exports on a volume basis were down about 10% during November and down 3% in the September thru November period. Cheese exports slipped below a year earlier in November as the average price moved to \$2.10 per pound. However, during the most recent three months, cheese exports were 6% greater than a year ago. During November, U.S. nonfat dry milk/skim milk powder exports were down 21% but milk protein concentrate shipments were up 11%.

Hay Exports - The latest Japanese Port data shows strong timothy and sudan exports from the west coast to Japan in November compared to last year while alfalfa hay, Australian oaten hay, and most other hay and straw exports from the west coast were down from November 2011. Timothy hay exports at 39,942 Metric Tons (MT), while down from the 40,860 MT in September were up significantly from the 28,369 the previous year. Sudan hay exports at 27,323 MT were up 11% from the previous year and 13% higher than October. Year to year comparisons on other hay and straw exported in November: Alfalfa hay 37,109 MT, down 8%; Australian oaten hay 29,692 MT, down 4%; Bermuda hay 6,954 MT, down 10%; Kleingrass hay 5,629, up 3%; Fescue straw 6,660 MT, down 27%; Ryegrass straw 17,303, down 13%.

My hay export contact in Australia says there has been a huge demand from Japan for Australian wheat straw. He said it doesn't look like the ban on Chinese rice straw into Japan will be lifted anytime soon. Rice straw traded in northern CA the past week that will be exported but I'm not sure if it is going to Japan. A concern for west coast hay exporters that ship to Japan is the declining Yen versus the U.S. dollar. According to The Wall Street Journal the Yen dropped to 87.88 on Wednesday, compared to around 78.00 in early October. Japanese hay users are paying more money for west coast hay than last year. The Japanese government continues their efforts to weaken the Yen to strengthen Japanese exports. If the Yen continues to drop this will become a bigger factor in the market for west coast hay destined for the Japanese market. Best Regards, Seth

	TDN (90% DM)	RFV (100% DM)	CP (100% DM)
Supreme	55.9 and up	185 and up	22 and up
Premium	54.5-55.9	170-185	20-22
Good	52.5-54.5	150-170	18-20
Fair	50.5-52.5	130-150	16-18
Low	Below 50.5	Below 130	Below 16

Copyright (c) This publication may not be reproduced in whole or in part by physical, electronic, or other means of reproduction nor transmitted in any form without the permission of the author.

Disclaimer: Author does not guarantee the outcome of forecast or predictions. Information obtained from sources is believed to be reliable but is in no way guaranteed.