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Western States Hay Market Analysis and Insights

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This week's Market Overview
In Central California alfalfa hay trading moderate with prices steady with a week ago. **(Sales in narrative of report fob stack for current move unless specified otherwise, dollars per short ton)**

Trading picked up from Merced to the Northern San Joaquin Valley with more alfalfa hay to be in the stack by next week in the Sacramento Valley and Delta. A real mixture on quality with some hay testing better than it looked and a few deals where alfalfa hay looked better than the test but overall still not a lot of clean and attractive Supreme alfalfa hay. Late rains delayed cutting and some alfalfa hay in Northern San Joaquin Valley was overgrown. Wheat for silage prices steady in Kings and Tulare Counties.

In Kern County, **Dairy: New Crop**: (mostly small bales) 300 tons high test Supreme alfalfa hay $272.50 fob stack, short haul; 600 tons high premium to low Supreme alfalfa hay $245 to $250; 560 tons low to mid Premium alfalfa $235 to $240. 12,000 tons wheat for silage $40 standing, based on 70% moisture.

In the high Desert, **Dairy: New Crop:** 650 tons Supreme alfalfa hay mostly big bales $220 fob stack; 400 tons Good alfalfa hay $200.

In Tulare, Kings, and Fresno Counties, **Dairy: New Crop**:

Market Indicators…		Unit	Most Recent	Week Ago	Year Ago
CA FMMO Uniform (blended) Milk Price-Tulare		*Cwt. **	Mar $15.15	Feb $14.24	N/A
USDA Milk Mailbox Prices ** December 2018					
California (CDFA a year ago)		*Cwt.*	N/A	Nov N/A	$17.02
New Mexico		*Cwt.*	$13.69	Nov $14.34	$15.27
Oregon/Washington		*Cwt.*	$16.69	Nov $17.05	$17.22
Class III Milk Futures –CME (May 2019)		*Cwt.*	$16.32	$15.69	$15.07
Milk Cost of Production - Holstein Dairies					
S. J. Valley (Frazer, LLP) First half 2018		*Cwt.*	***$15.86		***$16.14
CME Spot Cheese Prices					
Block Cheese (40# blocks)		*$/Lbs.*	$1.6850	$1.6675	$1.6200
Barrel Cheese		*$/Lbs.*	$1.6300	$1.5150	$1.4875
All Hay Exports From West Coast Ports					
(U.S. Census Bureau) Jan - Feb 2019					
California Ports		*Metric*	311,065		302,736
Washington Ports		*Tons*	273,693		280,263
Rolled Corn Dlvd to Magic Valley ID Dairies		*$/Ton*	$187	$186	N/A
Rolled Corn Dlvd to Central CA Dairies		*$/Ton*	$191	$193	$198
No. 2 Yellow Corn – FOB Iowa (USDA)		*$/Ton*	$119-$127	$123-$129	$125-$136
Ethanol Price – FOB Iowa (USDA)		*$/Gal*	$1.16-$1.40	$1.18-$1.40	$1.34-$1.50
Crude Oil – New York Futures (June 2019)		*$/Barrel*	$63.30	$64.00	$68.10
Alfalfa Hay Prices – (The Hoyt Report)					
California – Dlvd to Tulare/Hanford Dairies					
	Tons				
Supreme (mostly $275-$285)	1,400	*$/Ton*	$270-$290	$275-$285	$285-$305
Premium (mostly $260-$275)	2,570	*$/Ton*	$260-$280	$265-$275	$275-$285
Good	1,025	*$/Ton*	$245-$255	No Sales	$245-$265
Fair (weedy $200-$213 dlvd)	300	*$/Ton*	$220-$230	$230	$225-$230
Dlvd Escalon, Modesto, Turlock Dairies					
Supreme (mostly $273-$285)	2,650	*$/Ton*	$270-$295	$270-$285	$290-$310
Premium	750	*$/Ton*	$265-$275	$255-$270	$270-$285
Good	325	*$/Ton*	$245-$250	$240	$240-$255
Fair	175	*$/Ton*	$210-$225	$228	$220-$235
Idaho – Alfalfa Hay Big Bales, FOB Stack					
Supreme		*$/Ton*	No Sales	No Sales	No Sales
Premium (Export)	600	*$/Ton*	$175	No Sales	No sales
Good		*$/Ton*	No Sales	No Sales	$120-$130
Fair	410	*$/Ton*	$150	$150	$95-$103
WA/OR (C. Basin) Alfalfa, FOB					
Supreme big bale (Dairy)		*$/Ton*	No Sales	No Sales	$150-$160
Premium big bale (Export)		*$/Ton*	No Sales	No Sales	No Sales
Good big bale (Dairy)	300	*$/Ton*	$205	No Sales	No Sales
Fair/Good (Feedlot/Dairy)		*$/Ton*	No Sales	$200	$130-$140

*Prices include $0.38 cent cwt deduction for quota *assessment* ** Total receipts less marketing costs & assessments. ***Does not include return on investment and management costs. BB – Big Bales

450 tons Supreme alfalfa hay big bales $250 to $253 fob stack, 225 tons that caught light rain $240; 1,270 tons Premium alfalfa hay $235 to $245; 500 tons high Good alfalfa hay $230, 200 tons with a little grass $215; 230 tons Fair/Good alfalfa hay with weeds $185 to $190. 1,100 tons premium big bale beardless wheat hay $145 to $150 fob stack. 800 tons Premium big bale oat hay $180 delivered to dairy. 75,000 tons wheat for silage $40 standing, based on 68% moisture. **New Crop Contracts:** 8,000 tons big bale wheat straw $135 to $140 delivered to dairies when harvested in June.

In Los Banos-Dos Palos and Merced, **Dairy: New Crop:** 2,900 tons Supreme alfalfa hay, big & small bales, $250 to $260, mostly $250 to $257, 300 tons high test with 24-25% proteins & shorter haul $262 fob stack, 150 tons showered on $235; 250 tons Premium/Supreme small bale alfalfa hay $250; 650 tons Premium alfalfa hay $240, 1,100 tons with weeds/grass and poor appearance $190; 275 tons Good alfalfa hay $220, 600 tons higher moisture $200 delivered; 125 tons Fair alfalfa hay $190 fob stack, 175 tons with weeds $175. 500 tons Fair volunteer oat & wheat hay with weeds $75 fob stack. 3,600 tons wheat for silage $32.50 standing, based on 68% moisture.

In the Imperial Valley, prices on alfalfa hay to dairy and export buyers steady to weak in moderate to good demand. New crop kleingrass hay for export steady as production is underway. New crop bermuda hay for export steady. Retail alfalfa and bermuda hay markets steady in good demand. Contacts report quality tests have dropped slightly with the warmer weather, but cooler temperatures are forecasted for next week. **Dairy:** 1,320 tons Premium/Supreme alfalfa hay big and small bales $215 to $220 fob stack; 2,350 tons Premium alfalfa hay big and small bales with varying amounts of weeds $200 to $210, 300 tons high moisture $190 to $195. 1,000 tons high density big bale wheat straw $105 fob stack, for extended movement. **Export:** 5,930 tons Supreme alfalfa hay big bales $230 to $238, mostly $230 to $232 fob stack, 860 tons small bales $210 to $220, mostly $215 to $220; 1,200 tons Premium alfalfa hay big bales $220. 550 tons Premium kliengrass small bales $175 to $185, mostly $185. 720 tons Premium bermuda hay big and small bales $170 to $175 fob stack; 120 tons Good bermuda hay big bales with oat mix $120 fob stack. **Retail/Stable: (New Crop)** 550 tons Premium retail alfalfa hay $245 to $255 fob stack, 125 tons 100 to 105 lb. bales $240; 220 tons Good retail alfalfa hay $225 fob stack. 320 tons Premium stable alfalfa hay $230 to $235, few loads $225. 450 tons Premium retail bermuda hay $205 to $220, mostly $215; 70 tons old crop Good stable bermuda hay $180 to $185 fob stack.

In Blythe, dairy and export alfalfa hay prices steady with last week in good demand. Retail alfalfa hay prices steady. **Dairy:** 2,865 tons Premium/Supreme alfalfa hay $215 to $220; 780 tons Premium alfalfa hay $205 to $210 fob stack, 1,150 tons with weeds or rain damage $195 to $200. **Export:** 1,100 tons Premium/Supreme alfalfa hay big and small bales $215 to $220 fob stack; 630 tons Premium alfalfa hay big bales $205; 290 tons Good alfalfa hay big bales $290 fob stack. **Retail/Stable:** 250 tons old crop Premium retail alfalfa hay $260 fob barn, 350 tons new crop $245 to $250 fob stack; 200 tons Good retail alfalfa hay $225; 125 tons new crop Premium stable alfalfa hay $220 fob stack. 150 tons new and old crop Premium retail bermuda hay $235 fob stack.

In Tracy-Patterson, Modesto, Stockton, and Lodi, few sales new crop alfalfa hay steady but trading was slowed as buyers and growers trying to figure out values on hay with faults. **Dairy: New Crop:** 525 tons Supreme alfalfa hay that was light rained on or a little dry $235 to $242 fob stack; 200 tons Premium alfalfa hay with low potassium $230 loaded on truck, load with few weeds $225 fob stack; 525 tons high Good to low Premium alfalfa hay that was rained on $190 to $210. 100 tons Fair alfalfa hay $190. **Retail: New Crop:** 100 tons Premium alfalfa hay $230 fob stack. 150 tons Premium retail orchardgrass hay $250; 350 tons Good orchardgrass hay $200. **Old Crop:** 125 tons Premium retail alfalfa hay $250 fob barn; 150 tons Good retail alfalfa $240. 50 tons Premium beardless wheat hay $180. Load Premium retail oat hay $180.

In the Sacramento Valley and Delta, a little new crop alfalfa hay went in the stack, but it looks like trading won't happen until over the weekend and next week. **Dairy: New Crop Contract:** 5,000 tons big bale double cut rice straw $40 fob stack, will move to Central valley when put up in the early fall, pay as it moves. **Retail: Old Crop:** 250 tons Premium retail alfalfa hay $240 to $260 fob barn. 250 tons small bale rice straw $3.50/bale fob barn, for feed stores and erosion control. **New Crop:** 50 tons Premium retail orchardgrass/fescue hay $240 fob stack.

In the Northern Mountains, no comparison on organic alfalfa hay, retail hay prices steady. Warmer temperatures the past week with alfalfa growing very well and looking good. Still about a month away on the early cut hay. **Dairy: Organic:** In Southern Oregon, 200 tons Premium alfalfa hay $250 fob barn; 100 tons Fair rained on alfalfa hay $200 fob barn, all to local dairy. **Retail:** In the Northern CA Mountains, 150 tons Premium retail alfalfa hay $240 fob barn. 50 tons Premium orchardgrass hay $280. 200 tons Premium retail orchardgrass/alfalfa hay $280, 50 tons with nearly 70% alfalfa $220. 150 tons Premium retail timothy hay $340 fob barn.

In Arizona, good demand for alfalfa hay for all outlets with prices on dairy and export alfalfa hay steady with last week. New crop retail alfalfa hay steady with undertone weak on barn hay. Some parts of the state saw 100 degree temperatures this week. **Dairy:** In Central AZ, 1,700 tons Premium/Supreme alfalfa hay $220 fob stack, to local dairy; 300 tons Fair alfalfa hay $170 fob stack, 585 tons high moisture or weedy $160. In Southwest AZ, 850 tons Premium alfalfa hay $205, to local dairy. In Parker/Poston, 850 tons Supreme alfalfa hay $220 to $225 fob stack; 825 tons Premium/Supreme alfalfa hay $210 to $215, 250 tons with weeds or slight rain damage $195 to $205; 680 tons Good alfalfa hay with some weeds or grass $185 to $190, 300 tons rain damaged $175. **Export:** In Central AZ, 3,800 tons Premium/Supreme alfalfa hay big bales $220 fob stack, some going straight into containers. In Southwest AZ, 3,000 tons Supreme alfalfa hay big bales $230 fob stack, current move. **Export: Summer Contract:** In Central AZ, 7,000 tons clean and green Fair/Good alfalfa hay big bales $170 fob stack, covers production from May 15 to Oct 1, rain clause with some money down. **Retail: New Crop:** In Parker/Poston, 100 tons Premium retail alfalfa hay $235 to $240 fob stack; couple loads Good (#2) retail alfalfa hay $210 to $215. In Central AZ, 800 tons Premium retail alfalfa hay $260 fob barn, 200 tons high Premium $275 to $285 fob barn, 2,820 tons $230 to $235 fob outside stack; 550 tons Good (#2) retail alfalfa hay $215 to $220, 200 tons $200; 200 tons Premium stable alfalfa hay $220 fob stack.

In Nevada, hay trading at a standstill with not enough sales to test the market. Exporters who were contracting alfalfa hay a few weeks ago are on the fence waiting for new crop and not trying to make deals. No interest reported from dairy hay buyers. **Dairy:** In Western NV, Load tarped Premium alfalfa hay $200 fob stack. Load un-tarped Good beardless wheat hay with tops off $100 fob stack.

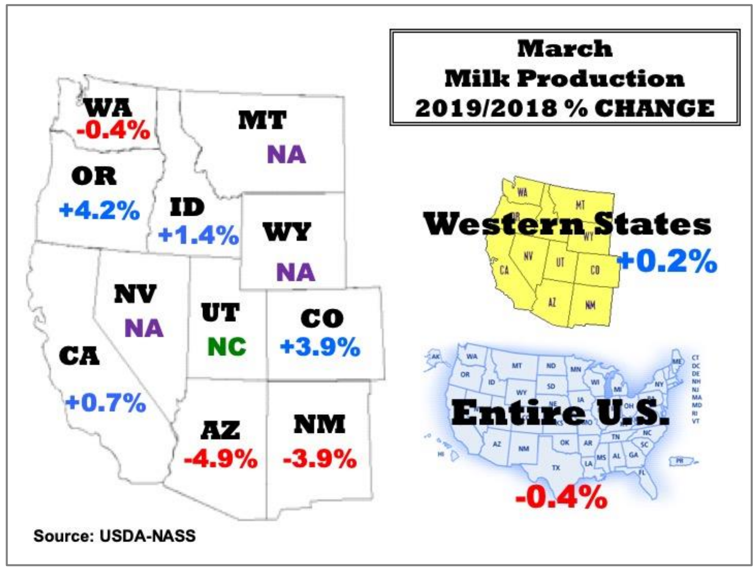
In Idaho, trading slow on old crop alfalfa hay with prices steady. Good demand for export alfalfa hay with more new crop contracts reported and negotiations on other deals ongoing. Prices on new crop contracts for export alfalfa hay steady with a week ago. Some interest from dairy buyers for new crop contracts but no deals finalized. First reports of corn silage contracts for new crop with prices steady compared to same time last year. Grower contacts in Southwest ID reported some fields of alfalfa hay at 17 inches tall. All sales on big bales with dairy hay sales going to Magic Valley dairies unless specified otherwise. **Confirmed Sales:** 28,010 tons alfalfa hay. **Dairy:** In Eastern ID, 350 tons tarped Fair alfalfa hay $150 fob stack. In Southwest ID, 60 tons tarped Fair alfalfa hay $150 fob stack. 200 tons Premium ryegrass hay $108. 375 tons big bale corn stalks $50 fob stack. **New Crop Contracts:** In Central ID, 3,000 tons Fair to low Good low potassium alfalfa hay, price to be $10 above the market price on non-low potassium alfalfa hay of similar grade. In Southern ID, 21,000 tons corn for silage $32 to $33 standing in the field at 30% dry matter. **Export:** In Southwest ID, 600 tons Premium alfalfa hay $175 fob barn. **Export: New Crop Contract:** In Eastern and Southwest ID, 27,000 tons alfalfa hay $150 for clean and green hay testing up to 170 RFV, $170 for hay testing above 170 RFV, $120 for rained on hay, buyer to wrap, some money down at first cutting with the balance paid as moved.

In the Washington-Oregon Columbia Basin, very slow trading on alfalfa hay, in a limited test prices steady. No sales on export alfalfa hay reported. Negotiations on new crop contracts are ongoing. Some grower contacts are reporting that the recent warm weather has helped some stands of alfalfa hay catch-up with some looking for a May 10th to 20th cut date. According to our export contacts the price discounting on timothy hay that was done in Asia around the first of the year hasn't sparked sales as much as hoped. Some exporters continue to be long on timothy hay. A few export contacts reported some Korean customers have expressed concern with the strengthening U.S dollar. The Korean Won was down 2% against the U.S. dollar this week and is down 8% since last July. **Dairy:** 300 tons Good alfalfa hay $205 fob barn, going to local dairy.

In Utah, alfalfa hay trading very slow with prices steady in a limited comparison. More interest from export buyers to contract new crop alfalfa hay. Some deals reported being negotiated but nothing finalized yet. With above average spring rains and snowpack growers should have ample water. Grower contacts report alfalfa hay growth is on schedule. **Dairy:** In Central UT, 150 tons wrapped Premium/Supreme alfalfa hay $200 fob stack, current move to California dairy. **Export:** In Central UT, 400 tons high test Supreme alfalfa hay $220 fob barn.

Milk and Dairy Product Prices - Class III milk futures at the CME on Thursday were up 45 cents cwt. in May, up 32 cents in June and the rest of the year was 8 to 19 cents higher. Prices were up mainly 2 to 5 cents on Friday. May and June Class III prices ranged from $16.32 to $16.39 cwt, with July through December ranging from $16.53 to $16.94 cwt. These are the strongest prices since August 2017. Cheese prices at the CME Thursday were up 2 to 3 cents a pound to $1.6900 for blocks and $1.6300 for barrels with 11 to 12 loads traded on each. Prices were unchanged on barrels Friday while blocks fell a half a cent. Driven by lower milk production in March, nonfat dry milk prices were up 4 cents a pound this week on the CME in strong demand and closed at $1.0400. Butter prices were down 1.25 cents and closed on $2.2700. Dry whey prices were down 1.25 cents to close at $0.3275. USDA's March Cold Storage report was considered neutral on dairy product stocks compared to expectations according to FCStone. While butter stocks were more than expected, cheese stocks were in line with expectations. According to the Dairy & Food Market Analyst, China continued to import more dairy products in March compared to a year ago but U.S. exports to China being hurt by tariffs.

U.S. Milk Production in March Down Year-Over-Year For The First Time in More than Three Years – U.S. milk production in March was down 0.4% nationally and down 0.1% in the 23 major milk producing states. This was seen as bullish for milk prices as some analysts were expecting a slight increase. The major dairy states in the Northeast saw a 1.4% decline while the Midwest states were down 0.4%. The Western States and Texas bucked the trend with the West up 0.2% on milk production and Texas up 5.8%. Looking nationally, the U.S. milk cow herd was down 86,000 head from March of last year and down 10,000 from February with the current inventory at 9.344 million head. Production per cow at 2,024 lbs. in March was up 10 lbs. from a year ago. In Pennsylvania, cow numbers dropped 5,000 head from February and down 29,000 from March of last year. This was the biggest decline in cow numbers of any State. Consequently, milk production in Pennsylvania was down 6.9% compared to a year ago. Growth in Texas has stayed strong with the milk cow herd up 4,000 head from February and up 27,000 from last March. In California the herd size dropped 1,000 head from February and down 9,000 head from March of last year while Idaho milk cow numbers were up 1,000 head from February and up 9,000 head from last year.



Hay Exports – All hay exports from the west coast to the five major export countries totaled 530,452 metric tons (MT) over the first two months of 2019, nearly the same as the 531,317 the same period last year, according to the U.S. Census Bureau. All hay exports from CA ports were up while Seattle/Tacoma ports were down. Long Beach/Los Angeles saw 236,260 MT exported in January/February, a 2% increase over 231,390 last year. In Seattle/Tacoma all hay exports in the first two months to the five major export countries totaled 249,856 MT, down 3% from same period last year. Alfalfa hay exports to China from Long Beach/Los Angeles ports made a strong rebound in February, going from 10,669 MT in January to 25,953 in February. In Seattle/Tacoma alfalfa hay exports to China were up 29% in February to 13,256 MT after January's 10,257 MT. After a big January when all hay exports from Seattle/Tacoma to Japan were 71,323 MT, exports in February dropped to 58,820. In the first week of April the U.S. Forage Export Council (USFEC) led an exploratory trip with industry members to India. U.S. alfalfa is approved for shipment to India but currently has a heat treatment requirement that the USFEC is working to change. While there are many small-scale dairy farms in India, contacts on the trip reported that investment is happening into larger facilities. USFEC members are working to get samples sent to dairies in India to showcase the milk production gains from feeding high quality West Coast alfalfa hay.

Dairy Cattle Prices – Correction, the dispersal sale of 10,000 Holstein cows at the Meadow Lake-West and Pixley Dairy owned by Clarence Bosman will be held on Friday May 17, 2019 at the dairy in Tipton, California starting at 11AM. We were originally told a few weeks ago that the sale would be on May 18. A&M Livestock Auction is handling the sale. The reason the cows are selling is due to the property selling and Clarence is downsizing. At the Overland Stock Yard monthly Holstein steer video auction on Thursday they sold 15,000 head. Demand good with prices steady to $5 higher than last month. Large Frame 3 Holstein steer calves 325 lbs., for May delivery $120 to $128; June through September delivery pretty much all in the $120 to $125 cwt. range, fob Central California calf lots. Holstein and Jersey Springer heifers at Overland this week were steady and traded from $1,100 to $1,425 each. Slaughter cow prices were steady at auctions in Central California with Breaking and better Boning Utility dairy cows trading from $60 to $72 cwt.

Almond Acres Continue to Dominate in California – Almond acres in California in 2018 were estimated at 1,390,000, up 2% from the 1,360,000 acres in 2017 and by far the leading acres of any crop in California, according to the California Dept. of Food and Agriculture and USDA. Of the total acreage in 2018, 1,090,000 acres were bearing, and 300,000 acres were non-bearing. Preliminary bearing almond acres in 2019 were estimated at 1,170,000 acres, up 7% from 2018. Almond acres are up 84% from the 755,000 in 2006 while alfalfa hay acres in California in 2018 dropped to a record low 620,000, down 44% from the 1,100,000 acres in 2006. Best Regards, Seth and Josh

Alfalfa Hay Test Guidelines
(used with visual apperance of hay)

	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