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**This week's Market Overview**  
 Alfalfa hay trading remains very slow in Central California with not enough sales to fully test the market. **(Sales in narrative of report fob stack for current move unless noted otherwise, dollars per short ton)**

After the central and southern San Joaquin Valley received rain early in the week, rain is forecast in the central and northern valley and heavy snow in the mountains the next four days. Trading on hay in central CA is a lackluster affair with one dealer saying it was the slowest January in the years he has been in business. A growing number of dairies will need hay in the coming weeks but the ability to pay for hay continues to be a problem.

In Kern County, **Retail:** Load Premium retail alfalfa hay \$280 fob barn, going to central coast.

In the High Desert, **Retail:** 200 tons Premium retail alfalfa hay \$275 fob barn. Load Premium 3 way grain hay \$275.

In Tulare, Kings, and Fresno Counties, **Dairy:** 50 tons Good alfalfa hay \$235 fob barn. 2,800 tons tarped and double cut big bale rice straw \$90 delivered to the central valley from the Sacramento valley. **Retail/Stable:** Load Premium retail alfalfa hay \$320 delivered to central coast; Load Premium stable alfalfa hay \$260 delivered to stable.

Market Indicators...	Unit	Most Recent	Week Ago	Year Ago
CA FMMO Uniform (blended) Milk Price-Tulare	Cwt. *	Dec-\$14.03	Nov-\$14.56	N/A
Milk Mailbox Prices ** October 2018				
California (CDFA)	Cwt.	\$16.37	Sep-\$15.90	\$17.11
New Mexico (USDA)	Cwt.	\$14.79	Sep-\$14.16	\$15.83
Oregon/Washington (USDA)	Cwt.	\$17.53	Sep-\$16.98	\$18.11
Class III Milk Futures –CME (Mar 2019)	Cwt.	\$14.39	\$14.26	\$13.61
Milk Cost of Production - Holstein Dairies S. J. Valley (Frazer, LLP) First half 2018	Cwt.	***\$15.86		***\$16.13
CME Spot Cheese Prices				
Block Cheese (40# blocks)	\$/Lbs.	\$1.5000	\$1.3900	\$1.4625
Barrel Cheese	\$/Lbs.	\$1.3000	\$1.1800	\$1.3250
All Hay Exports From West Coast Ports (U.S. Census Bureau) Jan – Oct 2018				
California Ports	Metric Tons	1,717,654		1,953,380
Washington Ports	Metric Tons	1,509,409		1,597,119
Rolled Corn Dlvd to Magic Valley ID Dairies	\$/Ton	\$187	\$185	N/A
Rolled Corn Dlvd to Central CA Dairies	\$/Ton	\$192	\$191	\$183
No. 2 Yellow Corn – FOB Iowa (USDA)	\$/Ton	\$125-\$133	\$125-\$133	\$117-\$125
Ethanol Price – FOB Iowa (USDA)	\$/Gal	\$1.11-\$1.25	\$1.10-\$1.25	\$1.20-\$1.41
Crude Oil – New York Futures (Mar 2019)	\$/Barrel	\$55.26	\$53.69	\$65.45
Alfalfa Hay Prices – (The Hoyt Report)				
California – Dlvd to Tulare/Hanford Dairies				
	Tons			
Supreme	950	\$/Ton \$277-\$285	\$275-\$285	\$285
Premium	450	\$/Ton \$265-\$275	No Sales	\$270-\$283
Good	1,150	\$/Ton \$240-\$257	\$238-\$248	\$235-\$245
Fair (grassy \$200-\$210 dlvd)	600	\$/Ton \$235	\$230	\$215-\$225
Dlvd Escalon, Modesto, Turlock Dairies				
Supreme	1,200	\$/Ton \$265-\$280	\$280	\$290-\$295
Premium		\$/Ton No Sales	No Sales	\$275-\$283
Good	75	\$/Ton \$240-\$245	No Sales	No Sales
Fair	150	\$/Ton \$225-\$228	\$225-\$230	\$205-\$220
Idaho – Alfalfa Hay Big Bales, FOB Stack				
Supreme		\$/Ton No Sales	\$170-\$180	No Sales
Premium/Supreme		\$/Ton No Sales	\$162-\$170	\$144-\$150
Good	500	\$/Ton \$160	No Sales	\$105
Fair	1,000	\$/Ton \$130	\$140	No Sales
WA/OR (C. Basin) Alfalfa, FOB				
Supreme big bale (Dairy)	850	\$/Ton \$220	No Sales	No Sales
Premium big bale (Dairy)	300	\$/Ton \$210	No Sales	\$160
Good big bale (Export)	3,500	\$/Ton \$200-\$205	No Sales	\$145
Fair big bale (Feedlot/dairy)		\$/Ton No Sales	\$180	No Sales

\*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.

In Los Banos-Dos Palos and Merced, **Beef:** 50 tons Fair alfalfa hay \$245 delivered for beef cattle. 100 tons Good sudan hay \$160 fob barn.

In the Imperial Valley, few sales on alfalfa hay winter clippings to dairy buyers but not enough sales last week to compare the trend, undertone steady to firm. Not enough export alfalfa hay to test the market. One sale on bermuda hay for export but not a good comparison with last week. Retail alfalfa hay prices steady to \$5 higher. Retail bermuda hay prices steady. Trading turned very slow late in the week with about a quarter inch of rain Thursday and more rain coming on Saturday. Buyers were cautious late in the week. Growers stopped cutting alfalfa hay early to midweek and were trying to get hay baled that was on the ground. Current production alfalfa hay that has gone up thus far is mixed in quality and moisture. **Dairy:** 1,000 tons current production Premium alfalfa hay \$202 to \$210 fob stack, 325 tons with frost damage \$195; 50 tons Good alfalfa hay \$185; 450 tons Fair rained on alfalfa hay in a wide range \$130 to \$155, 100 tons heavy rain damage \$110 fob stack. **Export:** Three loads current production Premium alfalfa hay big bales \$215 fob stack. 300 tons Premium export bermuda hay small bales \$185 fob fully tarped stack with straw bottoms. 1,500 tons bermuda straw small bales, lightly rained on, \$95 fob stack, 325 tons mainly big bales with no rain \$100. **Retail/Stable:** 250 tons Premium retail old crop alfalfa hay \$260 to \$265 fob barn, 50 tons tarped \$255; 325 tons Premium stable alfalfa hay \$230 to \$240 fob barn or fully tarped stacks. 250 tons Premium retail bermuda hay \$210 to \$220 fob fully tarped stacks, 3 loads in barn \$230.

In Blythe, trading slow on dairy alfalfa hay with not enough sales and no comparison last week to test the trend. Retail alfalfa hay prices mostly steady in good demand. **Dairy:** 150 tons current production Premium alfalfa hay \$210 fob stack; 300 tons mixed Fair rained on alfalfa hay to Premium non-rained on hay \$190 straight through. **Retail:** 820 tons Premium retail old crop alfalfa hay \$255 to \$265 fob barn, mostly \$260 to \$265, 75 tons \$270, load \$275; 200 tons top and side tarped Good retail alfalfa hay \$230, buyer takes bottoms

In Tracy-Patterson, Modesto, Stockton, and Lodi, no comparison on limited sales of dairy alfalfa hay. Retail hay prices steady, except orchardgrass/alfalfa and beardless wheat hay were stronger. **Dairy:** Load Good calf hay with a little grass \$220 fob barn; 50 tons Fair alfalfa hay \$210. **Retail: (all fob barns)** 160 tons Premium alfalfa hay \$265; 190 tons Good retail alfalfa hay \$245. 90 tons Premium orchardgrass/alfalfa hay \$320 fob barn. 180 tons Premium retail beardless wheat hay \$195. 110 tons Premium 3 way grain hay \$185. 165 tons small bale wheat straw \$4.80 to \$6.00/bale, for feed stores.

In the Sacramento valley, few sales retail alfalfa hay steady. **Retail:** 200 tons Premium alfalfa hay \$260 fob barn. 75 tons Premium retail 3 way grain hay \$170 fob barn.

In the Northern Mountains, hay trading slow. Not a good comparison on dairy alfalfa hay with a week ago to test trend, undertone steady. Retail hay prices steady. Sources in Central Oregon say feeder hay supplies are so tight that some beef ranchers considering using better quality hay because lower quality is not available. All sales fob barn. **Dairy:** **Organic:** In Central OR, 200 tons Supreme alfalfa hay small bales \$240 fob barn, current move to CA. In the Northern CA Mountains, 400 tons Good alfalfa hay big bales \$200, current move. **Dairy: Conventional:** In the Northern CA Mountains, 400 tons Supreme alfalfa hay \$190 fob barn, 50 tons \$205. In Central OR, 140 tons Supreme alfalfa hay \$210; 500 tons Premium/Supreme alfalfa hay \$180; 1,500 tons Good alfalfa hay \$165 fob barn, all for current to June 1 movement to Oregon dairies, pay as it moves. 100 tons Premium alfalfa/triticale mix hay \$170, to Oregon beef cattle. **Retail:** In the Northern CA Mountains, 100 tons Premium alfalfa hay \$220 to \$230 fob barn, 600 tons sold two weeks ago \$210, all for current move. 150 tons Premium retail orchardgrass hay \$260 to \$280. 100 tons Premium orchardgrass/alfalfa hay \$270 to \$280, 100 tons 70% alfalfa and 30% orchardgrass \$210. 175 tons Premium retail timothy hay \$340 fob barn.

In Arizona, best demand is still for retail alfalfa hay in barns in Central Arizona with moderate demand for offerings of last summer's dry cow quality hay in Poston/Parker. One new crop alfalfa hay contract but price to be established when hay is put up. **Dairy:** In Poston/Parker, 2,600 tons Fair old crop alfalfa hay with around 20% to 50% grass \$120 to \$140 fob top tarped stacks, 900 tons with heavy grass (around 75% to 90% grass) \$95 to \$100. 2,600 tons top tarped Fair sudan hay, mainly small bales, \$80, most of the money paid up front, the sudan and alfalfa hay all for current to 60 day movement. **New Crop Contract:** In Central AZ, approximately 10,000 tons first three cuttings Premium/Supreme alfalfa hay with price to be established when hay goes in stack, some money up front, going to export and dairy. **Retail:** 1,300 tons Premium retail alfalfa hay \$275 to \$285 fob barns; 200 tons Good (#2) retail alfalfa hay \$260.

In Nevada, a little more dairy and export demand this week but still not a lot of trading on alfalfa hay. Few sales on dairy alfalfa hay steady with last week in a limited comparison. Export alfalfa hay prices steady. All sales on big bales and most hay moving to California. **Dairy:** In Diamond Valley, four test loads sent to CA, 50 tons Supreme alfalfa hay \$210 and 50 tons high test \$220 fob barn, 500 tons Supreme alfalfa with 18% proteins \$190; 640 tons Premium alfalfa hay \$190 fob barn, 2 test loads high Premium \$200, current to extended move. In Northern NV, 600 tons Supreme alfalfa hay \$200 fob

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barn. In Western NV, 350 tons Supreme alfalfa hay with around 5% grass \$180 fob barn. **Beef:** In Southern NV, 100 tons Good 3 way grain hay in barn \$140 loaded on truck, to local ranchers. **Export:** In Northern NV, 1,700 tons Good export alfalfa hay (clean & green) \$160 fob barn or tarped stacks, current to May 1 movement, some money up front and hay must be paid for before it moves.

In Idaho, very slow trading this week with not enough sales to test the trend, undertone steady. Good demand for dry cow alfalfa hay from dairies. Some interest from Washington export buyers for alfalfa hay but no trades reported. If current mild weather conditions hold, contacts expect some feeder hay to be available from beef cow operations by early spring. All sales on big square bales fob stack for current move unless specified otherwise, dairy hay sales to Magic Valley dairies unless specified otherwise **Dairy:** In Central ID, 500 tons top tarped Good alfalfa hay \$160 fob stack, current move; 500 tons top tarped Fair alfalfa hay \$130, fast move and pay. In Eastern ID, 500 tons Fair alfalfa hay \$130, current move to Magic Valley. **Retail:** In Southern ID, 40 tons Premium retail 3-tie alfalfa hay \$190 fob barn, current move out of state.

In the Washington-Oregon Columbia Basin, slow trading with better demand for Good export alfalfa hay and prices steady compared to two weeks ago. Dairy alfalfa hay prices steady with last week. No comparison on export timothy hay as demand remains light. Contacts reported some interest from Canadian dairy buyers for alfalfa hay. Some interest for alfalfa hay in Idaho from Washington export buyers. All sales on big bales unless specified otherwise, prices fob wrapped stack unless specified otherwise. **Dairy:** 850 tons Supreme alfalfa hay \$220, current move; 300 tons wrapped Premium alfalfa hay \$210. **Export Alfalfa:** 3,500 tons Good alfalfa hay big bales \$200 to \$205. **Export Timothy: (Second Cutting)** 220 tons wrapped big bale #1 timothy hay \$150 fob stack.

In Utah, slow trading this week with prices steady where there was a comparison with a week ago. Contacts reported more interest from export buyers this week for higher quality alfalfa hay. Reports of hay coming from Montana for Utah beef cattle. All sales on big bales. **Dairy/Feedlot:** In Central UT, 200 tons Supreme alfalfa hay \$195, no cover, current move to local dairy; 1,480 tons Fair alfalfa hay \$160 to \$165 fob, most in barns, some top tarped, current move to local dairy and feedlot. In Eastern UT, 60 tons top tarped Fair alfalfa hay \$220 delivered to feedlot from Montana. **Export:** In Central UT, 1,200 tons Supreme alfalfa hay big bales \$207 fob barn, extended movement.

**Western Alfalfa Seed Growers Conference** - Josh attended the conference in New Orleans this week. General Manager of FGI spoke on the alfalfa seed market and he said the current stocks of alfalfa seed are about two and a half to three times more than current need. Recent high yields, especially in Canada, have pushed stocks higher.

**Oil Prices-** Crude prices rose again this week, March futures were up 2.9 percent to close at a two-month high of \$55.26/barrel. According to the Wall Street Journal, OPEC has held strong with its plan to reduce production. OPEC production in January was down 890,000 barrels a day. The political unrest in Venezuela has also pushed oil prices higher with the U.S. placing sanctions on Venezuela's state-owned oil company.

**Snow Surveys** – January storms boosted the California statewide Sierra Nevada Mountain snowpack to 100 percent of average as of January 31, 2019. The manual survey at the Phillips Station east of Sacramento on Thursday registered 50 inches of snow depth, 98 percent of average. On February 1 of last year the measurement at Phillips Station was 30 percent of average. The forecast is for heavy snow in the Northern Sierra's in the next five days. In Idaho the USDA SNOTEL shows current snow water equivalent is slightly below average. From Central to Eastern ID levels range from 66 to 89 percent of normal. In Washington and Oregon, the Cascade Mountains are below average on snow water equivalent with a range of 49 to 85 percent. Mountains in Northern Washington and Eastern Oregon are more on par with numbers from 91 to 101 percent. Utah snow water equivalent as of February 1 was 103% to 114% of average.

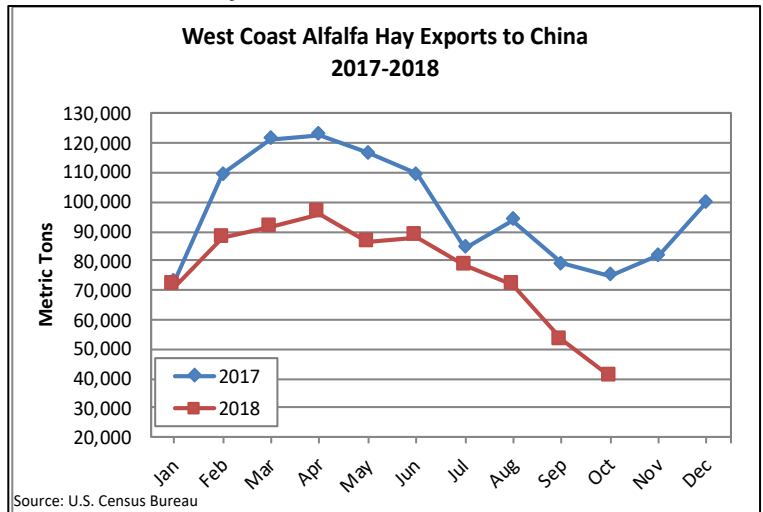
**Dairy Exports** – Because of the government shutdown, U.S. dairy export data is nearly two months behind. But the October report showed U.S. sales of milk powder, whey, lactose, cheese, and butterfat to China were down 47% compared to October of last year. The retaliatory tariffs were having an impact. This is a far contrast from the latest report on New Zealand dairy export sales to China which, on a milk equivalent basis, were up 29% in December versus a year ago and up 7.7% for the entire year of 2018 compared to 2017. A new economic impact report released this week by the U.S. Dairy Export Council forecasts that without a strong U.S.-Japan trade treaty, the U.S. could lose \$1.3 billion in dairy product sales to Japan over 10 years to world competitors. Australia and New Zealand have the comprehensive and progressive agreement for Trans-Pacific Partnership (CPTPP) in place with Japan that began the first of the year. On Friday, a Japan-EU Economic Partnership agreement is scheduled to take effect. Japan has been the fourth largest market for U.S. dairy exports. Underscoring the importance of the Japanese market, four U.S. dairy farmers traveled to Japan in November as U.S. dairy ambassadors. USDA awarded the U.S. Dairy Export Council \$5.2 million this week as part of the Agricultural Trade Promotion Program to develop foreign markets, according to Dairy & Food Market Analyst.

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**West Coast Alfalfa Hay Exports to China Drop 48 Percent Between July and October – We are not sure when we**

will get data from the U.S. Census Bureau on November alfalfa hay exports from the west coast to China but there was a significant drop in September and October. The 40,761 Metric Tons (MT) of alfalfa hay exported to China from the west coast in October compares to 78,259 in July, a 48% drop. But even more dramatic is comparing the 40,761 MT in October with the 96,027 MT exported in April, a 58% decline. China and U.S. representatives are meeting in Washington D.C. this week and let's hope they can make progress. Our contact in China said that Chinese dairies rank U.S. alfalfa hay as the best quality in the world, followed by Sudan (Africa), and Spain. The problem in recent months has been that tariffs have made U.S. alfalfa hay much more expensive than alfalfa hay from the other mentioned countries. Our contact says when the extra tariffs go away he thinks it will be difficult for Spanish and Sudanese alfalfa hay to compete with alfalfa hay from the west coast because of the more consistent quality and quantity of western U.S. alfalfa hay.



**Water – Follow-up** – An article in azcentral on January 28 stated that federal Reclamation Commissioner Brenda Burman has drawn a line in the sand with Arizona and other Western States: Finish a deal by Thursday (January 31) to take less water from the Colorado River or the federal government will be forced to step in and decide how to prevent reservoirs from falling to critical levels. Many pieces have yet to fall into place for Arizona to finish its part of the agreement in joining California and Nevada in endorsing the Drought Contingency Plan. If the Bureau of Reclamation steps in and imposes its own plan, it's unclear what the results might be. Lake Mead reservoir near Las Vegas is 40% full and a first-ever water shortage could be declared in 2020. The Colorado River Indian Tribes (CRIT) use water along the river for growing crops including alfalfa, wheat and cotton. CRIT agreed to take 10,000 acres of farmland out of production for three years, leaving the fields dry and freeing up water that can be kept in Lake Mead. In return, the tribes would receive \$38 million, including \$30 million from the state of Arizona and \$8 million contributed by non-profit groups, according to the article.

**Dairy product Prices** – Cooperatives Working Together (CWT) announced 17 offers and export sales of 4.34 million pounds of cheddar and Monterey jack cheese. Thus far in 2019 CWT assisted in sales of 11.729 million pounds of U.S. American-type cheese, 770,684 pounds of butter, and 2.249 million pounds of whole milk powder to 16 countries. Cheese prices surged 11 to 12 cents higher on the CME this week with some of this attributed to severe weather in the Midwest that impacted milk and cheese production and logistics. Barrel cheese is 20 cents a pound below the block price. Class III milk futures were up 10 to 15 cents but could have been up much more had it not been for a weather market on cheese and the forecast for significantly warmer weather in the Midwest in the days ahead. We'll see what happens next week. Dry whey prices continue to fall, closing at \$0.3625 cents Friday, down 4.25 cents from a week ago. Butter prices closed the week up 4.5 cents. Nonfat dry milk prices were down 1 cent from a week ago, closing at \$1.0025 per pound.

**Dairy Cattle Prices** - On February 19, Lost Valley Farms in Boardman, Oregon will sell 7,600 milking and dry cows, approximately 20% Holsteins and 80% Jersey and Jersey crosses. 56% of the cows will be 1<sup>st</sup> and 2<sup>nd</sup> lactation, balance 3<sup>rd</sup> lactation & up. Other cattle include 400 close-up Jersey and Jersey cross Springer heifers and 360 head 6-12 month old Jersey and Jersey cross open heifers. The flyer said no legal maneuvers can postpone or cancel this sale. The flyer said the court appointed new management on September 25 and the herd has been well managed since. Contact Chad Lowry with Topenish Livestock Commission in Washington for more information - 509-861-2224. At the Overland Stock Yard this week Springer heifers sold steady from \$900 to \$1,200 each. Day old Holstein bull calves in Central CA sold from \$10 to \$20 per head, fob dairy. Slaughter cow prices at Overland were \$3 to \$4 higher with Breaking and better Boning Utility dairy cows \$40 to \$45. At the monthly Holstein Steer video auction at Overland they sold 17,000 head with light to moderate demand. February to May calves sold steady, June calf prices were softer. Large Frame 3 Holstein steer calves, 325 pounds, February to March delivery \$113 to \$120 cwt; May delivery \$112 to \$117; June delivery \$104 to \$115 cwt, fob Central CA lots. Best Regards, Seth & Josh

<b>Alfalfa Hay Test Guidelines</b> (used with visual appearance of hay)			
	<b>TDN (90% DM)</b>	<b>RFV (100% DM)</b>	<b>CP (100% DM)</b>
<b>Supreme</b>	55.9 and up	185 and up	22 and up
<b>Premium</b>	54.5-55.9	170-185	20-22
<b>Good</b>	52.5-54.5	150-170	18-20
<b>Fair</b>	50.5-52.5	130-150	16-18
<b>Low</b>	Below 50.5	Below 130	Below 16