

www.thehoytreport.com

This week's Market Overview
 Hay Trading very slow in Central California but at least there were a few sales reported. No recent comparison to test the trend. **(Sales in narrative of report fob stack for current move unless otherwise noted, dollars per short ton)**

Rain in the central and northern valley with more coming next week. Rain fall and snowpack are running ahead of normal. While cheese prices were higher the past two weeks, some analysts believe the slowdown in milk supplies due to harsh weather in the Midwest was a big factor for the strong cheese market (more on page 3). Excellent grass conditions on foothill pastures. Some contacts this week attended the World Ag. Expo in Tulare, California.

In Kern County, **Retail:** 300 tons Premium retail alfalfa hay \$285 fob barn, current move..

In the high Desert, **Retail:** 150 tons Premium alfalfa hay \$279 fob barn. Load Premium retail 3 way grain hay \$275.

In Tulare, Kings, and Fresno Counties, **Dairy:** 1,000 tons Premium alfalfa hay \$225 fob barn, current move and pay as it goes; 120 tons Good alfalfa hay \$225 fob barn. **New Crop Wheat Straw:** Approximately 22,000 tons big bale dryland wheat straw with price to be established when straw goes in the stack. **Retail/Stable: (Old Crop)** Load Premium

| 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. | \$14.53 | \$14.59 | \$14.10 |
| 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. | \$1.5800 | \$1.5275 | \$1.5400 |
| Barrel Cheese | \$/Lbs. | \$1.4350 | \$1.3725 | \$1.4800 |
| All Hay Exports From West Coast Ports (U.S. Census Bureau) Jan – Nov 2018 | | | | |
| California Ports | Metric Tons | 1,902,968 | | 2,141,839 |
| Washington Ports | Metric Tons | 1,665,510 | | 1,747,827 |
| Rolled Corn Dlvd to Magic Valley ID Dairies | \$/Ton | \$192 | \$189 | N/A |
| Rolled Corn Dlvd to Central CA Dairies | \$/Ton | \$197 | \$193 | \$191 |
| No. 2 Yellow Corn – FOB Iowa (USDA) | \$/Ton | \$124-\$135 | \$126-\$131 | \$119-\$128 |
| Ethanol Price – FOB Iowa (USDA) | \$/Gal | \$1.14-\$1.33 | \$1.13-\$1.26 | \$1.27-\$1.46 |
| Crude Oil – New York Futures (Mar 2019) | \$/Barrel | \$55.59 | \$52.74 | \$61.68 |
| Alfalfa Hay Prices – (The Hoyt Report) | | | | |
| California – Dlvd to Tulare/Hanford Dairies | | | | |
| | Tons | | | |
| Supreme (\$290 high test) | 975 | \$/Ton \$275-\$290 | \$280 | \$285-\$290 |
| Premium | 1,325 | \$/Ton \$255-\$275 | \$270 | \$265-\$280 |
| Good | 500 | \$/Ton \$245-\$250 | \$245-\$255 | \$240-\$250 |
| Fair (grassy \$190-\$200 dlvd) | | \$/Ton No Sales | \$223-\$235 | No Sales |
| Dlvd Escalon, Modesto, Turlock Dairies | | | | |
| Supreme | 75 | \$/Ton \$275-\$280 | No Sales | No Sales |
| Premium | 450 | \$/Ton \$250-\$265 | No Sales | No Sales |
| Good | 100 | \$/Ton \$240-\$250 | No Sales | \$250-\$260 |
| Fair (grass/rain \$190-200 dlvd) | 325 | \$/Ton \$220-\$225 | No Sales | \$218-\$225 |
| Idaho – Alfalfa Hay Big Bales, FOB Stack | | | | |
| Supreme | | \$/Ton No Sales | \$180 | No Sales |
| Premium | 450 | \$/Ton \$170-\$175 | No Sales | No Sales |
| Good | 250 | \$/Ton \$150 | \$150 | No sales |
| Fair | 100 | \$/Ton \$145 | No sales | \$95-\$100 |
| WA/OR (C. Basin) Alfalfa, FOB | | | | |
| Supreme big bale (Dairy) | | \$/Ton No Sales | No Sales | No Sales |
| Premium 3-tie (Export) | 75 | \$/Ton \$250 | No Sales | No Sales |
| Good big bale (Export) | | \$/Ton No Sales | \$200 | \$152 |
| Fair/Good big bale(Feedlot) | | \$/Ton No Sales | \$180-\$195 | \$125-\$135 |

*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.

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.

retail alfalfa hay \$320 delivered to central coast; 50 tons Premium stable alfalfa hay \$305 delivered to central coast; Load Good stable alfalfa hay \$200 fob barn.

In Los Banos-Dos Palos and Merced, **Dairy:** 400 tons Premium alfalfa hay \$250 fob barn, direct sale to local dairy.

In the Imperial Valley, hay trading continues to be slow. Dairy alfalfa hay prices steady to weak, no export alfalfa hay reported. No comparison on one sale of kleingrass hay for export and no other grass hays for export reported. Retail alfalfa and bermuda hay prices steady. Hay growers in the Imperial Valley are being challenged by weather with rains occurring every week and making it very difficult to put up quality alfalfa hay. Light rain Thursday. The rain is also causing more than normal amount of weeds in bermuda and kleingrass fields. One grower said the strong winds last weekend greatly reduced his yields on bermuda straw because straw in the windrow was blown around the field. **Dairy:** 250 tons current production Premium/Supreme alfalfa hay small bales \$210 fob stack, 500 tons un-tarped old crop \$200, rained on in stack; 485 tons current production Premium alfalfa hay \$200 to \$205, mostly \$200 fob stack, 520 tons with higher moisture or purchased right before forecast rain and buyer taking risk \$190 to \$192; 600 tons Good alfalfa hay \$180 to \$190; Few loads Fair alfalfa hay \$175, 940 tons rain damaged or with weeds/grass including export kick-outs, \$130 to \$150, mostly \$135 to \$140 fob stack. **Feedlot:** 400 tons Fair kleingrass hay rained on in windrow \$90, to local feedlot. **Export:** no reported sales on alfalfa hay. 300 tons old crop fully tarped Good kleingrass hay small bales \$175 fob stack. 950 tons current production big bale bermuda straw \$100. **Retail/Stable: (Old Crop)** 325 tons Premium retail alfalfa hay \$260 to \$265 fob barn, 50 tons tarped \$255, few loads high Premium, some may be going export, \$275 fob barn; Load Good retail alfalfa hay \$210; 150 tons Premium stable alfalfa hay \$230 to \$240 fob barn or fully tarped stack. 150 tons Premium retail bermuda hay fully tarped with straw bottoms \$215 to \$220, mostly \$215, 175 tons high Premium in barn or wrapped \$230 to \$235 fob, going to Texas; 260 tons tarped Good retail bermuda hay \$200 to \$205, load low Good \$180.

In Blythe, slow hay trading again this week. Not a good comparison with last week on dairy alfalfa hay, undertone steady. Retail alfalfa hay prices steady. About a quarter inch of rain on Thursday. **Dairy:** 200 tons current production Premium small bale alfalfa hay \$205 fob stack, 175 tons \$205 with the price to be deducted on hay with higher moisture; 200 tons Good alfalfa hay \$200; 50 tons Fair alfalfa hay with light rain damage \$175, 500 tons un-tarped old crop grassy alfalfa hay with rain stack damage \$130 fob stack. **Retail:** 325 tons Premium retail alfalfa hay \$255 to \$265 fob barn. 100 tons fully tarped Premium bermuda hay \$220, 50 tons high Premium retail bermuda \$250 fob barn.

In Tracy-Patterson, Modesto, Stockton, and Lodi, limited sales of dairy alfalfa hay with no test on trends. Rain much of the week. **Dairy:** 50 tons Premium alfalfa hay \$230 to \$240 fob barn; load low Good alfalfa calf hay small bales \$220; Load Fair alfalfa hay \$200 fob barn, for dairy & beef bulls. **Retail:** Load small bale wheat straw \$4.80/bale fob barn.

In the Sacramento valley, limited sales to beef cattle with no test on trends. Retail alfalfa hay prices steady to weak. All sales from barns. **Beef:** 25 tons Fair alfalfa hay \$210 fob barn. 50 tons Premium oat-rye mix hay \$160 to \$165, all for local beef cattle. **Retail:** 250 tons Premium retail alfalfa hay \$240 to \$260 fob barn. 75 tons Premium 3 way grain hay \$170. Load Premium oat hay \$150; 125 tons Fair retail oat hay \$108. 100 tons small bale rice straw \$3.50/bale for feed stores.

In the Northern Mountains, quiet on hay trading with limited sales of Good alfalfa hay for dairy and beef cattle steady with a week ago. Not enough sales on retail grass hay to test the trend. **Dairy/Beef:** In the northern CA Mountains and Southern OR, 350 tons Good alfalfa hay \$175 to \$180 fob barn. **Retail:** 75 tons Premium timothy hay small bales \$340 fob barn. Load Premium retail orchardgrass hay \$280.

In Arizona, hay trading slow but couple of large export deals the past two weeks. Not enough trades on dairy hay to fully test the market. Retail alfalfa hay steady. Rain this past week and forecast for more next week. **Dairy:** In Southwest AZ, 1,200 tons old crop Good alfalfa hay \$210 fob barn or top tarped stack, to local dairy. **Export:** In Central AZ, sold two weeks ago, 3,000 tons old crop Premium/Supreme alfalfa hay, fully wrapped, \$235 fob stack, current move, some money up front. In Southwest AZ, 15,000 tons old crop Fair to Premium export alfalfa hay big bales in barns sold but buyer does not want price disclosed. **Retail:** In Central AZ, 1,175 tons old crop Premium alfalfa \$275 to \$285 fob barn, 250 tons high Premium to local buyer \$295 fob; 200 tons Good (#2) retail alfalfa hay \$260, 500 tons low Good (#2) alfalfa \$235 fob barn.

In Nevada, a little more hay trading this week with no comparison on export alfalfa hay, dairy alfalfa hay prices steady to weak. Stormy conditions over donner summit making it hard to get hay hauled to California. All sales on big bales. **Dairy:** In Western NV, 800 tons high test Supreme alfalfa hay in a barn \$215 loaded on truck, current to mid-April movement, 50% paid up front, 300 tons 57 TDN hay with 19% protein that tested better than it looked \$185 fob barn; 150 tons rained on Premium alfalfa hay \$160; 100 tons un-tarped Good alfalfa hay \$170; 275 tons un-tarped and top tarped Fair alfalfa hay \$150 to \$160, some of the \$150 hay with a little grass, 175 tons rain damaged or with around 20% grass \$130 to

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.

\$140 fob stack. In Diamond Valley, 250 tons Supreme alfalfa hay with 18% proteins \$190 fob barn; 3,200 tons mostly Premium alfalfa with 18% to 19% proteins, \$180 fob barns, current to 45 day movement, pay as it goes to CA. **Export:** In Diamond Valley, 1,000 tons Premium export alfalfa hay big bales \$185 fob barn, current move. In Northern NV, 500 tons Good export alfalfa hay big bales \$160 fob barn.

In Idaho, very slow trading this week with not enough sales of alfalfa hay to test the trend, undertone steady to firm. Interest from California dairy buyers for Premium to Supreme alfalfa hay. Two contract offers were made the last few weeks on new crop alfalfa hay in Eastern ID, \$145 fob stack for clean and green export alfalfa and a dollar an RFV point for alfalfa hay that test between 165-185 from a dairy buyer, both offers were turned down. Winter weather across the state slowed hay movement. Several inches of snow fell across the state that in some areas was followed by rain leading to muddy stack yards. 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 Southern ID, 300 tons top tarped Premium alfalfa hay \$170, current move. In Southwest ID, 150 tons Premium alfalfa hay \$175 fob barn. In Eastern ID, 250 tons uncovered Good alfalfa hay \$150 fob stack, current move; 100 tons top tarped Fair alfalfa hay \$145, for local beef cattle. **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, severe winter weather conditions brought hay trading to a near standstill this week. No comparison with last week on export alfalfa hay, undertone steady. No timothy hay trades reported. No dairy alfalfa hay trades reported. Last Saturday blizzard conditions in the Yakima Valley with sustained winds of 30 to 50 mph and gust up to 80 mph killed 1,600 dairy cows, according to the Yakima Dairy Farmers Association. Container travel over the mountain passes was impacted with intermittent road closures. Contacts reported 18 inches of snow on the ground in the Southern Basin with drifts around stacks 6 to 7 feet high. All sales on big bales unless specified otherwise, prices fob wrapped stack unless specified otherwise. **Beef:** 260 tons Premium alfalfa hay \$215, 85% down, current move for beef cattle and sheep. **Export:** 75 tons Premium 3-tie alfalfa hay \$250 fob stack, current move.

In Utah, hay trading quiet this week with only a few sales reported. Prices steady where there was a comparison. More winter storms went through the state this week pushing snow water equivalent numbers above average. All sales on big bales. **Dairy/Beef:** In Northern UT, 300 tons rain damaged Fair alfalfa hay \$150, sold last week, current move. In Central UT, 750 tons Fair to Good alfalfa hay \$175, half of stacks top tarped & half wrapped, current move. **Export:** In Southern UT, 130 tons Supreme alfalfa hay big bales \$215 fob barn, extended movement. **Retail:** In Southern UT, Load Premium alfalfa hay 3x4 bales \$225 fob barn, going to local race horse stable.

Export Alfalfa Hay Transported by Rail – A growing trend we are seeing in the hay export industry is the use of rail to transport containers to California ports. Our contacts cited California truck regulations, competitive rates, and truck shortages as factors pushing this trend. Additionally, there is the issue of traffic and the log-jam getting trucks into the ports. With the limits California places on truck weights, containers shipped by rail to the ports can be loaded heavier. Also, with unit trains many containers can be shipped at once to take advantage of volume efficiencies. In the last year we have seen unit trains bound for Long Beach originate in the Imperial Valley and according to our contacts we will see rail shipments of containers of alfalfa hay from Arizona starting in the coming months. Rail transportation has also been a huge benefit to exporters in Idaho and Utah that can ship containers by rail rather than by truck to California ports.

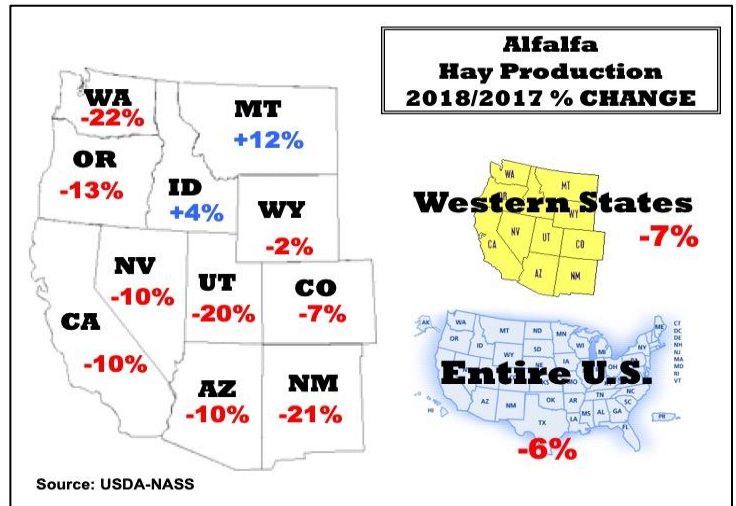
Dairy Product Prices - After cheese prices on the CME reached the highest level since last September, prices were unchanged on Friday. The question is, was the run-up in cheese prices the past three weeks due to severe weather and lower milk supplies, particularly in the Midwest and are the stronger prices sustainable when weather improves? Class III milk futures on Friday were down 10 to 42 cents from a week ago as traders seemed to be cautious as to where dairy product prices were going in the coming weeks. The Dairy & Food Market Analyst believes a “weather-induced slowdown in milk supplies was the most important factor driving barrel cheese prices higher.” Barrel cheese on Friday at the CME closed at \$1.4350 per pound, up 6.25 cents from a week ago and blocks were \$1.5800 a pound, up 5.25 cents. Nonfat dry milk prices closed the week at \$0.9875 per pound, down three quarters of a cent from last Friday. Butter prices were down 4.5 cents to end the week at \$2.2500 per pound. Dry whey prices on the CME Friday were \$0.3525 per pound, down 1.25 cents from last week. Two things could change the milk price outlook in the coming months, a trade deal with China and a possible drought in the North Island of New Zealand which accounts for about 60% of New Zealand’s milk production. We need a spark that will start a sustainable upward move in U.S. dairy product prices like we’ve seen with cheese the past three weeks. But it needs to be sustainable! While it appears that summer and fall milk prices could improve, the dairy industry needs things to improve very soon. It is almost impossible to try and figure out when dairy product prices have reached a bottom. We thought that might have been the case with cheese the past couple of weeks but if it is a “weather market” then we could be back to square-one. Let’s hope there is a spark coming soon to turn things around in the dairy industry before we lose more dairies.

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.

Alfalfa Hay Production in the West Down 7 Percent in 2018 – Seven Western States Down 10 Percent – USDA’s

final estimates of 2018 alfalfa hay production shows lower production in every State in the west except Idaho and Montana. In 2018, Idaho surpassed California as the leading alfalfa hay producing State in the western States with 4.410 million short tons, compared to California’s 4.278 million tons. Idaho is now the leading alfalfa hay producing State in the U.S. For the second consecutive year, a good amount of alfalfa hay in Idaho sold to export and dairy buyers in other States with a large amount to California. Early indications are that alfalfa hay production will decline again in central and northern CA as almond tree planting continues. This will push buyers even more to out-of-State alfalfa hay, including Idaho. The challenge is getting hay trucked to California from Idaho and increased competition from two additional export companies in Idaho since 2017. While the latest report on alfalfa hay acres in the Imperial valley are up 5% from



a year ago, competition from export buyers in the coming season, particularly for Saudi Arabia and China (if trade war is settled) will be tough competition for central CA dairies who buy alfalfa hay in the southern CA desert. They may need to look more to Nevada, Utah, Idaho and Oregon in the coming season. The water outlook is much better for much of the west, including Utah, which will help alfalfa hay production in 2019. There is a question of how much surface water will be available from the Colorado River for irrigation of alfalfa hay in the southern CA and Arizona desert in the coming season.

Hay and Wheat Acres in Imperial Valley - According to the Imperial Irrigation District, alfalfa hay acres in the Imperial Valley on February 11, 2019 totaled 140,553, up 5% from the 134,142 acres a year ago. Bermuda hay acres at 63,431 were up 22% from the 51,982 acres in mid-February of last year. Bermuda seed acres at 3,189, compared to 2,122 a year ago. Kleingrass hay acres at 20,253 were up 22% from the 16,628 in mid-February of last year. Durum wheat acres in the Imperial Valley on February 11 were 7,194, compared to 21,818 acres a year ago. **In the Palo Verde Valley (Blythe)** The Palo Verde Valley Irrigation District reported 47,083 acres of alfalfa hay on February 14, 2019, 13% higher than the 41,592 acres on the same date last year. It is estimated that much of the increased alfalfa hay acres in the Imperial Valley and Blythe may be offset by a reduction in alfalfa hay acres in central and northern California. We will see what California hay plantings look like in USDA’s Prospective Plantings report on March 31, 2019.

Dairy Cattle Prices – At a special heifer sale by A&M Livestock Auction on Tuesday night (first day of the World Ag. Expo in Tulare) they sold 2,500 head of Jersey and Jersey cross heifers from Lost Valley Farm. These excellent quality heifers found good demand with about half of the heifers going out of State. 275 to 550 pound Jersey heifers sold mainly for \$1.00 a pound, with a few up to \$1.10 a pound with Jersey cross heifers same weights \$0.74 to \$.82 cents. 500 head of nice quality Frings Ranch Holstein heifers in the sale weighing 350 to 500 pounds brought \$.80 to \$.85 cents a pound. At the dispersal sale of the Bosma dairy in Tipton, CA on Friday 3,500 Jersey cows sold with the better cows trading from \$1,000 to \$1,275 per head. Open Jersey heifers from 250 to 550 pounds sold from \$1.00 to \$1.25 per pound and Jersey Springer heifers sold from \$800 to \$975 each. Demand moderate with about half the cows and most of the heifers going out-of-State. The better Holstein and Jersey Springer heifers at Overland Stock Yard this week brought \$800 to \$1,100 each. Slaughter cows at Central CA Auctions sold steady to \$3 higher with Breaking and better Boning Utility cows \$44 to \$55. Dairy cow slaughter the week ending January19 in Region 9 was 16,100 head, down 16% from the same a year ago.

Hay Exports – One of our contacts in Australia sent us a weblink with a story about the floods in Australia. The flooding is in the northern part of the state of Queensland and oaten hay for export is grown in Southern Australia, he said there has been no impact on the hay export industry. After seven years of drought, cattle ranchers in northern Queensland welcomed the rain when it started but after 11 days of record rainfall and massive flooding an estimated 500,000 cattle have died. One cattle rancher said he’s been hauling hay to cattle by helicopter. Hay farmers in Australia have been donating hay to cattle ranchers in Queensland and the government is offering grants up to \$53,000 to aid farmers. But with losses estimated at \$213 million (U.S.) the grant money will not be enough to replace cattle lost. Best Regards, Seth & Josh

| Alfalfa Hay Test Guidelines (used with visual appearance 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 |