THE HOYT REPORT, INC.
Western States Hay Market Analysis and Insights

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This week's Market Overview Alfalfa hay fob trading at a standstill in Central California with no sales reported. Most activity is on hay that is being delivered from previous trades and contracts. But this is also slower than normal from Nevada due to snowy conditions over mountain passes. **(Sales in narrative of report fob stack for current move unless otherwise noted, dollars per short ton)**

Very little demand from dairies for hay as most using up existing inventories and when they do buy it will only be for short term needs. Excellent grass conditions on foothills in central and northern CA with sources saying that Holstein heifers may be turned out on foothill pastures. Rain much of next week and heavy snow in the mountains is making for positive water outlook (where are those new reservoirs that were approved by CA voters four to five years ago? Never happened)

In Kern County, no sales reported.

In the High Desert, **Retail:** 175 tons Premium alfalfa hay $279 fob barn. Load Premium retail 3 way grain hay $275 fob.

In Tulare, Kings, and Fresno Counties, **Dairy:** Load Premium oat hay small bales $220 delivered from barn in northern valley. 250 tons tarped big bale double cut rice straw $110 to $115 delivered to dairies from Sacramento Valley, 250 tons un-tarped

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.*	$14.59	$14.39	$13.63
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.*	$1.5275	$1.5000	$1.5100
Barrel Cheese		*$/Lbs.*	$1.3725	$1.3000	$1.3600
All Hay Exports From West Coast Ports (U.S. Census Bureau) Jan – Nov 2018					
California Ports		*Metric Tons*	1,902,968		2,141,839
Washington Ports			1,665,510		1,747,827
Rolled Corn Dlvd to Magic Valley ID Dairies		*$/Ton*	$189	$187	N/A
Rolled Corn Dlvd to Central CA Dairies		*$/Ton*	$193	$192	$187
No. 2 Yellow Corn – FOB Iowa (USDA)		*$/Ton*	$126-$131	$125-$133	$119-$124
Ethanol Price – FOB Iowa (USDA)		*$/Gal*	$1.13-$1.26	$1.11-$1.25	$1.22-$1.46
Crude Oil – New York Futures (Mar 2019)		*$/Barrel*	$52.74	$55.26	$59.20
Alfalfa Hay Prices – (The Hoyt Report)					
California – Dlvd to Tulare/Hanford Dairies	Tons				
Supreme	100	*$/Ton*	$280	$277-$285	$285
Premium	100	*$/Ton*	$270	$265-$275	$275
Good	755	*$/Ton*	$245-$255	$240-$257	No Sales
Fair ($223 hay has grass)	750	*$/Ton*	$223-$235	$235	$210-$215
Dlvd Escalon, Modesto, Turlock Dairies					
Supreme	200	*$/Ton*	$280	$265-$280	$290
Premium		*$/Ton*	No Sales	No Sales	$280
Good		*$/Ton*	No Sales	$240-$245	$235-$255
Fair		*$/Ton*	No Sales	$225-$228	$210
Idaho – Alfalfa Hay Big Bales, FOB Stack					
Supreme	300	*$/Ton*	$180	No Sales	No Sales
Premium		*$/Ton*	No Sales	No Sales	$170
Good (with Wheat)	400	*$/Ton*	$150	$160	$130
Fair		*$/Ton*	No Sales	$130	$100-$105
WA/OR (C. Basin) Alfalfa, FOB					
Supreme big bale (Dairy)		*$/Ton*	No Sales	$220	No Sales
Premium big bale (Dairy)		*$/Ton*	No Sales	$210	$170-180
Good big bale (Export)	350	*$/Ton*	$200	$200-$205	$145
Fair/Good big bale(Feedlot)	1,100	*$/Ton*	$180-$195	No Sales	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.

with stack damage $80 delivered. **Retail:** 50 tons Premium alfalfa hay $300 delivered to central coast.

In Los Banos-Dos Palos and Merced, no sales reported.

In the Imperial Valley, hay trading slow. Few sales on dairy alfalfa hay steady with last week, most export alfalfa hay sales reported were from last week. No sales reported on bermuda or kleingrass hay for export. Retail alfalfa and bermuda hay prices steady. After rain last weekend and low temperatures in the high 20's to low 30's late this week it continues to be a challenge to put up hay in the Imperial Valley. Chance of rain middle of next week. Growers are putting up alfalfa hay that, overall, is not very attractive. Quite a bit of bermuda straw is starting to go in the stack. **Dairy:** 250 tons current production Premium alfalfa hay that caught a light rain in windrow or stack $200 to $205 fob stack; 850 tons Good alfalfa hay $185 to $200, some with frost damage or higher moisture in bottom half of range; 360 tons mixed Fair to low Premium alfalfa hay, including some with frost damage or higher moisture $180 straight through; 250 tons Fair alfalfa hay with frost damage or caught a light rain $170 to $175, 256 tons weedy or heaver frost & rain damage $120 to $140. 500 tons small & big bale bermuda straw that was rained on $80 to $90 fob stack. **Export:** 1,430 tons current production Premium alfalfa hay big bales $215 fob stack, much of it sold last week; 1,750 tons Good export alfalfa big bales $200 to $205, all sold last week. 900 tons big & small bale bermuda straw $97.50 to $100 fob stack, 300 tons small bales that caught a light rain $95. **Retail/Stable: (Old Crop)** 300 tons Premium retail alfalfa hay $260 to $265 fob barn, 50 tons tarped $255; 200 tons tarped Good retail alfalfa hay with grass $210; 475 tons Premium stable alfalfa hay $230 to $240 fob barn or fully tarped stacks; 50 tons tarped Good stable alfalfa hay $210 to $220, 50 tons grassy $200. 350 tons Premium retail bermuda hay $210 to $220 fob fully tarped stacks with straw bottoms, 250 tons high Premium in barn $230, going to Texas.

In Blythe, hay trading slow. Limited sales on dairy alfalfa hay and not a good comparison with last week to test the trend, undertone steady. Retail alfalfa hay prices steady. Frost late in the week will set back alfalfa hay fields. **Dairy:** 125 tons Good alfalfa hay with frost damage $185 fob stack; 290 tons Fair rain damaged alfalfa hay $120 to $125. **Retail: (Old Crop)** 650 tons Premium retail alfalfa hay $255 to $265 fob barn, 75 tons high Premium $275, 125 tons tarped Premium $250; 75 tons tarped Good retail alfalfa hay $230, buyer must take bottoms. 100 tons fully tarped Premium retail bermuda hay $230 fob stack, buyer can leave bottoms, load in barn $220. Load Premium retail teff grass hay $220 fob barn.

In Tracy-Patterson, Modesto, Stockton, and Lodi, limited sales on retail alfalfa hay steady, no other hay sales reported. Light demand from dairies for hay. **Dairy:** 75 tons big bale double cut rice straw from barn $96 delivered. 125 tons big bale corn stalks from barn $95 delivered to dairies for bedding. **Retail:** 100 tons Premium retail alfalfa hay $260 fob barn.

In the Sacramento Valley, few sales retail alfalfa hay steady. **Retail:** 225 tons Premium retail alfalfa hay $260 fob barn. 50 tons Premium retail 3 way grain hay $170 fob barn.

In the Northern Mountains, trading picked up a little on remaining alfalfa hay supplies but was still slow. Dairy alfalfa hay market steady with last week in a limited comparison. All hay fob barns. **Dairy: Organic:** In Central OR, 500 tons Premium alfalfa hay $200, current move to CA. **Dairy: Conventional:** In Southern OR, 450 tons Supreme alfalfa hay $205 to $210 fob, latter price to Oregon dairy; 750 tons high Good alfalfa hay $180 fob barn, most going to Central CA, 250 tons $190, going to Oregon dairy, all for current move. In Central OR, 1,000 tons high Premium alfalfa hay $180, to Oregon dairy; 2,000 tons Good alfalfa hay $165 to $170, most to Oregon dairies, few for export, current to June 1 movement from barns, pay as it moves. **Beef:** In Southern OR, 75 tons Good alfalfa hay $180 fob barn; 50 tons Fair rained on alfalfa hay $170, all for local beef cattle. In Central OR, 100 tons Good alfalfa hay $180. 50 tons Premium orchardgrass big bales $180, both for local beef cattle.

In Arizona, hay trading slow. One bigger lot sold last week on old crop summer alfalfa hay. Good demand for retail alfalfa hay from barns at steady prices. A little rain last weekend and rain forecast for the middle of next week. **Dairy/Beef:** In Parker/Poston, sold last week, 6,100 tons old crop Fair alfalfa hay big & small bales with varying amounts of weeds/grass $120 to $150 fob top tarped stacks, some with heavy weeds/grass $100. In Central AZ, 200 tons current production Premium/Supreme alfalfa hay $215 fob stack, current move to local dairy. **Retail:** 1,325 tons Premium old crop alfalfa hay $270 to $285, mostly $275 to $285 fob barns, 175 tons high Premium going to eastern U.S. $295 fob; 275 tons Good (#2) retail alfalfa hay $260 to $265 fob barn; 200 tons current production Good (#2) retail alfalfa hay $210 fob stack.

In Nevada, hay trading quiet with only a few sales reported and not enough sales to fully test the market. A few deals are pending with a few test loads sent to California and if they like the hay they will buy the balance of the offering. All big bales. **Dairy:** In Diamond Valley, 50 tons Premium alfalfa hay with 17% proteins $180 fob barn, current move; Load Good alfalfa hay in barn $175. In Northern NV, 200 tons top tarped Fair/Good alfalfa hay $150. In Western NV, 250 tons higher test Supreme alfalfa hay with 18% protein and longer haul $185 fob barn; 250 tons un-tarped Fair alfalfa hay kick-outs with faults including bronco grass $130. **Beef:** In Southern NV, 100 tons Good 3 way grain hay big bales $140 fob barn, current move to Utah for beef cattle. **Retail:** In Western NV, 100 tons Premium 3 way grain hay $135 fob barn.

In Idaho, hay trading very slow this week, in a limited comparison prices steady. Tight supplies and firm asking prices have slowed trading. Contacts reported good interest from some Magic Valley dairies to contract new crop alfalfa hay but no deals reported**.** Some interest from Midwest dairies for high quality alfalfa hay. Brokers who are buying feeder hay in Montana indicate that farmers have raised their prices. February has started off snowy and colder across the state. 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: Organic:** In Eastern ID, 200 tons top tarped low Good alfalfa hay $160 to $170. **Dairy: Conventional:** In Southern ID, 60 tons un-tarped Fair alfalfa hay $155 delivered from Montana to Magic Valley dairy on back hauls. In Eastern ID, 300 tons un-tarped Supreme alfalfa hay $180, buyer to kick-out tops, current move to dairy in Midwest; 400 tons top tarped Good alfalfa hay with some wheat $150. 300 tons wheat straw $70 delivered to Magic Valley dairy. **Retail:** In Southern ID, 40 tons Premium retail alfalfa 3-tie $190 current move out of state.

In Washington-Oregon Columbia Basin, very slow trading this week with dairy and export alfalfa hay prices steady in a limited comparison. Good demand for Fair alfalfa hay from dairy and feedlot buyers as tight supplies have them looking in other states. No timothy sales reported but one export contact reported more interest for mid quality timothy hay from Japan and he feels smaller supplies of Australian oaten hay is the reason. Temperatures turned cold with snow forecasted for much of the state this week that could impact container travel over the mountain passes. The 10-day forecast shows high temperatures staying below freezing in most of the Basin. All sales big bales unless specified otherwise, prices fob wrapped stack unless specified otherwise. **Beef:** 400 tons low Good alfalfa hay $195, 80% down, direct sale to feedlot; 700 tons Fair alfalfa hay $180, 75 % down current move to feedlot, 200 tons Fair alfalfa hay $190 delivered from Montana to feedlot in the basin. **Export:** 350 tons Good alfalfa hay big bales $200 fob stack.

In Utah, except for a few larger trades on hay delivered from out-of-state for beef cattle, hay trading quiet this week as many industry members attended the Utah Hay Symposium in St. George. In a limited comparison with last week, high quality alfalfa hay prices steady. Some interest from Export buyers for higher quality alfalfa hay. Winter storms hit across the state this week with good snow totals reported. **Dairy/Beef:** In Central UT, 400 tons Supreme alfalfa hay $210 fob barn, extended movement to local dairy; 900 tons low Good alfalfa hay $180 fob barn, current move with most going to local dairy and balance to a feedlot. 1,500 tons Fair alfalfa hay big & small bales with heavy grass $180 delivered from out-of-state for beef cattle. 3,100 tons Fair sudan hay, mainly small bales, $165 delivered from out-of-state for beef cattle.

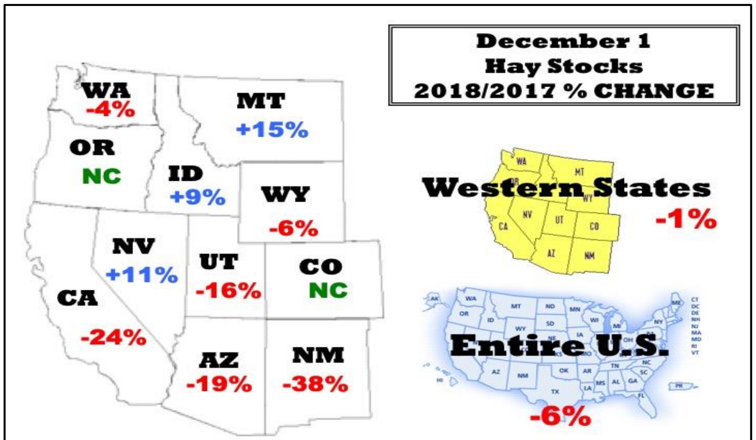
Water – Follow-up – The deadline of January 31st came and went without an agreement on the Colorado River Drought Contingency Plan. The Imperial Irrigation District is holding off on signing the agreement if there are not matching federal funds of $200 million for restoration work on the Salton Sea. According to KSL News in Utah, this leaves some uncertainty as the Bureau of Reclamation will now craft a drought plan for the river. Bureau of Reclamation Commissioner Brenda Burman contacted Governors of the seven states on the river and requested input for the Federal plan due by March 10th. Burman did not detail what federal cuts to water sharing among states would look like, but warned the "outlook isn't rosy"

U.S.-China Trade Talks - U.S. Treasury Secretary Steven Mnuchin said the he and other U.S. officials, including U.S. Trade Representative Robert Lighthizer, will travel to Beijing next week for trade talks aimed at averting a March 2 increase in U.S. tariffs on Chinese goods, according to Reuters. Mnuchin said talks in Washington D.C. last week between Lighthizer and China's Vice Premier Liu He were "very productive." The U.S. trade deficit with China was $382 billion the first 11 months of 2018, compared to $375 billion in all of 2017.

Dairy Cattle Prices - Holstein and Jersey Springer heifers at overland Stock Yard in Hanford sold $100 per head softer than a week ago ranging from $850 to $1,050 each. Better Springer heifers at A&M auction in Hanford brought $1,000 to $1,100 each. 650 head of slaughter cows at Overland Stock Yard Thursday night sold $2 higher than a week ago with Breaking and better Boning Utility dairy cows trading from $43 to $50 cwt. A&M Livestock Auction will sell 2,500 head of Jersey and Jersey cross heifers from Lost Valley Farms on Tuesday February 12. Heifers range from 4 to 10 months of age. A&M will also sell the Blackwater Dairy in Coolidge, Arizona on February 21 with a complete dispersal of 1,690 Holstein milking cows, 250 dry cows and 1,050 Holstein heifers at the dairy. Overland Stock Yard will sell 3,500 Jersey cows and 3,500 Jersey heifers at the dispersal sale of the Bosma dairy in Tipton, CA on February 19.

Retail Hay - One of our retail buyers said that Premium retail orchardgrass hay is selling only about $2 to $3 per bale higher than Premium alfalfa at the feed stores he sells to in the L.A. area. As a result, orchardgrass sales are up about 20% from a year ago. In Galt (30 miles south of Sacramento) Premium retail orchardgrass hay at one retail store is selling about $3.30 per bale higher than alfalfa hay compared to last fall when orchardgrass was $6.00 a bale higher than alfalfa.

Hay Stocks Down in the West – Most decline in Seven States – USDA's Hay Stocks report showed hay stocks in the 11 western States on December 1, 2018 were down 1% from December 1, 2017. Hay stocks in the seven western States were down 5%. California hay stocks were down 24%, the most decline of any of the seven western states. This is not surprising given that alfalfa hay acres reached a record low in California in 2018 and alfalfa hay production was down 10%. Other hay production in CA was down 14% from 2017. Additionally, many CA dairies were carrying smaller hay inventories than in 2017. There were some bigger lots of higher quality alfalfa hay in Idaho and Nevada that had not traded by December 1 which impacted hay stocks but feeder hay stocks are tight in both of these States. The drought in Utah has taken a toll on hay supplies with out-of-state hay moving into Utah for beef cattle, including some from Montana. According to USDA, alfalfa hay production in Utah in 2018 was down 17% from 2017 (We will have more next week on alfalfa hay production in the west). There is no abundance of alfalfa hay in Washington where feeder hay supplies are also very tight. The bottom line is that carryover hay stocks (overall) going into 2019 were down in the 7 western states, especially in CA.



Source: USDA-NASS

U.S. Dairy Exports - U.S. dairy exports slumped in November, falling below the previous year levels for the first time since October 2017, according to the U.S. Dairy Export Council. Shipments were lower across all major product categories, with declines across most of Asia. Suppliers shipped 157,146 tons of milk powders, cheese, butterfat, whey products, and lactose in November, down 12% from November 2017. U.S. exports of nonfat dry milk and skim milk powder in November were down 13%, cheese exports down 10%, and whey exports down 18%. On a value basis, exports to Mexico were up 8%, Southeast Asia down 8%, Canada up 12% and China down 32%. Mexico is the leading country for U.S. dairy exports, followed by Southeast Asia, Canada, and China. In last week's report we mentioned that the U.S. dairy industry was concerned about losing exports to Japan without a strong U.S.-Japan treaty. U.S. dairy exports to Japan in November were down 28% from November 2017.

Dairy Product Prices – There were more positives than negatives as the week ended. The biggest positive was the Global Dairy Trade (GDT) auction in New Zealand on Wednesday where the all commodity index price was up 6.7%, the strongest upturn in over two years. This helped to push cheese prices on the CME up 5.25 to 8 cents a pound on Thursday with Friday prices up 1.75 cents on blocks and unchanged on barrels. USDA's Dairy Products report on Monday showed ample supplies of cheese in November with stocks up 1% from November 2017. But the bullish GDT auction and how that could help U.S. cheese exports seemed to overshadow U.S. cheese stocks. While Dry whey prices were slightly higher and U.S. dry whey production was down 8.6% in November, the challenge for whey is a combination of Chinese tariffs and African Swine Fever in China that are making the outlook for whey not real promising. Whey exports to China, the leading market, were down 37% in November and down 36% in the July to November period. There is also concern that the African Swine Fever could cause more culling and further reduce the size of China's hog inventory. Nonfat dry milk (NDM) prices were down three quarters of a cent on the CME, closing the week at $0.9950 per pound.

Hay Exports - Total hay exports from west coast ports in November totaled 341,415 Metric Tons (MT), up 10% from the 311,701 MT in October and up slightly from the 339,167 MT in November 2017. An increase of alfalfa hay exports to China and Japan from California and Washington ports and higher exports to Saudi Arabia from Long Beach/L.A. ports helped to push November west coast hay exports higher than October. While January to November 2018 alfalfa hay exports to Saudi Arabia from Long Beach/L.A. ports are running 35% higher than 2017, alfalfa hay exports to China from the west coast during the first 11 months of 2018 are down 24% from the same period in 2017. Hay exports from January through November 2018 from west coast ports totaled 3,568,478 MT, according to the U.S. Census Bureau, down 8% from the 3,889,666 Mt during the same period in 2017. Hay exports from California ports in the first 11 months of 2018 totaled 1,902,968 MT, down 11% from the 2,141,839 in the same period the year before. Washington ports exported 1,665,510 MT, down 5% from the 1,747,827 MT in the first 11 months of 2017. 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