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This week's Market Overview

Hay trading at a near standstill in central California during the holiday period with not enough sales on alfalfa hay to fully test the market. **(Sales in narrative of report fob stack for current movement unless specified otherwise, dollars per short ton)**

Not much happening but we don't like to go two full weeks without issuing a report. Rain forecast in the central & northern valley over the weekend and early next week. Another central CA dairy dispersal (look at Dairy Cattle Prices on page 3) and we were told this Jersey dairy sold and the buyer has Holsteins.

In Kern County, **Stable:** 100 tons Good stable alfalfa with a little grass \$240 fob barn.

In Tulare, Kings, and Fresno Counties, **Dairy:** 50 tons outside Premium alfalfa hay \$265 fob stack, shorter haul, extended payment. **Stable:** 50 tons Premium stable alfalfa hay \$265 fob barn.

In Los Banos-Dos Palos and Merced, **Dairy:** 600 tons mostly Supreme alfalfa hay \$265 fob barn, direct sale to dairy, shorter haul. 225 tons outside big bale bean straw for dry cow feed \$90

In the Imperial Valley, slow trading during the holidays. No sales reported on alfalfa hay for dairy or export. No sales on grass hay for export. Bermuda straw for export steady with three weeks ago. Retail alfalfa hay prices \$5 higher. Retail bermuda hay steady to \$10 higher than two weeks ago.

Market Indicators...	Unit	Most Recent	2 Weeks Ago	Year Ago
California Overbase Milk Price (Oct 2018)	Cwt.	\$15.02	Sep-\$14.75	\$15.50
Milk Mailbox Prices * August 2018				
California (CDFA)	Cwt.	\$15.28	July-\$14.66	\$17.13
New Mexico (USDA)	Cwt.	\$13.44	July-\$13.15	\$15.81
Oregon/Washington (USDA)	Cwt.	\$15.88	July-\$15.55	\$17.95
Class III Milk Futures –CME (Feb 2019)	Cwt.	\$14.74	\$14.28	\$13.44
Milk Cost of Production - Holstein Dairies				
California (CDFA) First quarter 2018	Cwt.	**\$15.18	***\$16.13	**\$15.03
S. J. Valley (Frazer, LLP) First half 2018	Cwt.	**\$15.86		**\$16.13
CME Spot Cheese Prices				
Block Cheese (40# blocks)	\$/Lbs.	\$1.4175	\$1.3900	\$1.4950
Barrel Cheese	\$/Lbs.	\$1.3025	\$1.2950	\$1.3900
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	Tons	1,509,409		1,597,119
Rolled Corn Delivered to Central CA Dairies	\$/Ton	\$190	\$190	\$181
No. 2 Yellow Corn – FOB Iowa (USDA)	\$/Ton	\$126-\$132	\$121-\$127	\$114-\$123
Ethanol Price – FOB Iowa (USDA)	\$/Gal	\$1.15-\$1.25	\$1.10-\$1.20	\$1.20-\$1.36
Crude Oil – New York Futures (Feb 2019)	\$/Barrel	\$48.31	\$45.88	\$61.44
Alfalfa Hay Prices – (The Hoyt Report)				
California – Dlvd to Tulare/Hanford Dairies				
	Tons			
Supreme	650	\$/Ton \$280-\$285	\$265-\$285	\$285-\$295
Premium	275	\$/Ton \$255-\$270	\$265	\$260-\$270
Good (little rain on \$235 hay)	400	\$/Ton \$235-\$245	\$240	\$230-\$255
Fair		\$/Ton No Sales	\$215-\$225	\$210-\$220
Dlvd Escalon, Modesto, Turlock Dairies				
Supreme	600	\$/Ton \$283	\$275	\$300
Premium		\$/Ton No Sales	\$260	No Sales
Good		\$/Ton No Sales	No Sales	\$230-\$250
Fair		\$/Ton No Sales	\$210-\$215	\$210-\$220
Idaho – Alfalfa Hay Big Bales, FOB Stack				
Supreme		\$/Ton No Sales	\$160	\$130
Premium		\$/Ton No Sales	No Sales	No Sales
Good		\$/Ton No Sales	No Sales	\$115
Fair	1,550	\$/Ton \$140-\$145	\$143-\$145	\$110
WA/OR (C. Basin) Alfalfa, FOB				
Premium big bale (Dairy)		\$/Ton No Sales	No Sales	\$180
Premium big bale (Export)		\$/Ton No Sales	\$205	\$165
Good big bale (Export)	900	\$/Ton \$200	\$185	\$145
Fair big bale (Dairy/Beef)		\$/Ton No Sales	\$175	No Sales

* Total receipts less marketing costs and assessments. BB - Big Bales

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

The big story in the desert this week was cold temperatures with lows in the mid high 20's. This may prompt some growers to put lambs on alfalfa pastures. **Dairy:** 350 tons rained on small bale bermuda straw \$85 fob stack, most going to dairy in Arizona. **Export:** 1,000 tons big & small bale bermuda straw \$100 fob stack. **Retail/Stable:** 350 tons Premium retail alfalfa hay \$250 to \$260, most recent sales \$255 to \$260 fob barn, 2 loads high Premium \$270, 100 tons fully tarped Premium retail alfalfa with bad bottoms out \$260; 100 tons tarped Good to Premium retail alfalfa hay \$240 to 245; 175 tons Premium stable alfalfa hay, fully tarped with straw bottoms, \$225 to \$230, 50 tons \$240. 335 tons fully tarped with straw bottoms Premium retail bermuda hay in a wide range \$200 to \$220, 250 tons top & side tarped with bad bottoms out \$220 to \$230, going to Texas; 50 tons tarped Good to Premium stable bermuda hay \$180.

In Blythe, no comparison on few dairy alfalfa hay sales in slow trading. Retail sales of alfalfa hay mostly steady, instances \$10 higher compared to two weeks ago. First barn of bermuda hay sold for winter take-out with a firm undertone. Cold nighttime temperatures and winds making it hard to put up alfalfa hay. **Dairy:** 675 tons Premium alfalfa hay \$200 to \$205, mostly \$205 fob stack. **Retail:** 275 tons Premium retail alfalfa hay \$265 to \$275 fob barn; 400 tons tarped Good retail alfalfa hay \$245 to \$255 fob stack. 542 tons Premium retail bermuda hay \$220 fob barn, winter take-out, all the money paid up front, going to Arizona.

In Tracy-Patterson, Modesto, Stockton, and Lodi, hay trading at a near standstill. **Retail:** 100 tons Premium alfalfa hay, 106 pound bales, \$240 fob barn.

In the Sacramento Valley, retail alfalfa hay prices steady. **Retail:** 375 tons Premium alfalfa hay \$250 to \$260 fob barn.

In the Northern Mountains, no sales reported.

In Arizona, slow hay trading except pretty active on retail alfalfa hay in good demand. No comparison on few dairy hay sales in Parker/Poston. Retail alfalfa hay in central Arizona steady to \$10 higher than two weeks ago as demand is outpacing supplies. One retail seller said hard to get trucks this week with the holidays. **Dairy:** In Poston/Parker, 600 tons Supreme alfalfa hay \$225 fob stack; 150 tons lower quality rain damaged alfalfa hay \$100. **Retail:** In Poston/Parker, 150 tons tarped Premium alfalfa hay \$250 fob stack; 200 tons tarped Good retail alfalfa hay \$225, 100 tons low Good quality \$180. In Central AZ, 1,650 tons Premium retail alfalfa hay \$270 to \$285 fob barns, 150 tons low Premium \$265; 750 tons fully tarped Good (#2) retail alfalfa hay \$240 to \$255, few \$260. 150 tons high Premium retail bermuda hay \$265 fob barn.

In Nevada, hay trading slow during the holidays, in a limited comparison alfalfa hay prices steady with two weeks ago. **Dairy:** In Northern NV, 1,300 tons top tarped high Good to mostly Premium alfalfa hay \$182 fob stack, sold direct to dairy, extended movement, 30% paid up front; 200 tons top tarped low Good alfalfa hay \$135, for local beef cows. In Diamond Valley, 200 tons tarped Premium alfalfa hay \$190. In Western NV, 150 tons outside Good triticale hay big bales with a little stack damage \$100 fob stack, for dairy and beef cattle in California.

In Idaho, slow trading with the only reported trades on Fair alfalfa hay at prices steady with firm undertone. Good demand from beef cow/feedlot buyers for feeder hay. Some feeder alfalfa hay trades this week were from growers that had held extra hay for their own beef cattle but with the mild winter so far in the state they are selling some of their inventory. All sales on big bales unless specified otherwise, dairy hay sales current move to the Magic Valley unless specified otherwise. **Confirmed Sales:** 1,870 tons alfalfa hay. **Beef Cattle/Dairy:** In Southwest ID, 300 tons top tarped Fair alfalfa hay \$145, for local feedlot, 80 tons grassy \$135. In Southern ID, 250 tons top tarped Fair alfalfa hay \$142, current move to local dairy. In Eastern ID, 1,000 tons mostly top tarped Fair alfalfa hay \$141 fob stack, 200 tons sorted Low quality alfalfa hay \$120, current move for local beef cows. **Stable:** In Southern ID, 40 tons Premium alfalfa 3-string alfalfa hay \$190 fob barn, current move.

In Washington-Oregon Columbia Basin, very slow trading this week with no comparison on dairy alfalfa hay. Not enough trades to fully test the export alfalfa hay market, undertone firm. Few trades on export timothy hay with prices steady. Winter has been mild in the Basin with above average temperatures this week. All sales on big bales unless specified otherwise, prices fob wrapped stack unless specified otherwise. **Export Alfalfa:** 900 tons wrapped Good alfalfa hay big bales \$200 fob stack, extended movement, 180 tons fast move and pay \$180, sold last week. **Export Timothy: (First Cutting)** 600 tons wrapped Premium timothy hay big bales \$260 delivered from within Basin. **(Second Cutting)** 250 tons wrapped 2nd cutting low Premium timothy big bales \$160 fob stack.

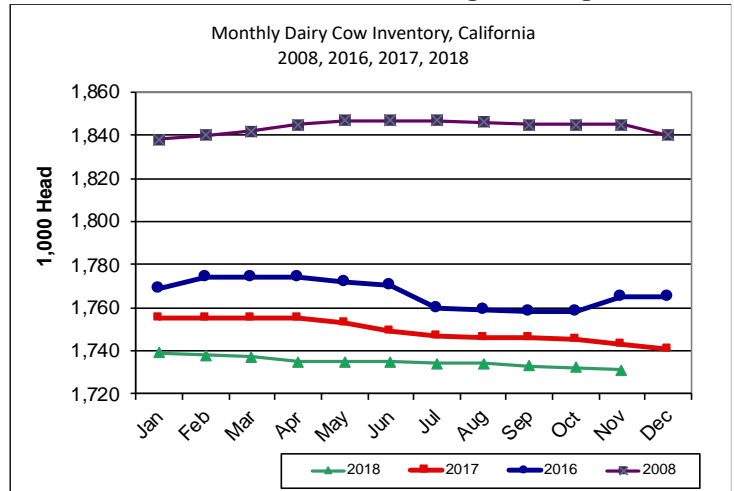
In Utah, no comparison on a few sales of alfalfa hay for dairy/beef in slow trading. No export sales reported. Good demand for Fair/Good alfalfa hay from Beef Cow buyers. **Dairy/Beef Cows:** In Central UT, 500 tons Premium alfalfa hay \$190 fob barn, extended movement to local dairy; 600 tons wrapped low Good Alfalfa hay \$170, for local beef cows.

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Dairy Cow Numbers Continue to Slowly Decline in CA – Most Other Western States unchanged to Higher –

There were 1.731 million dairy cows in California in November 2018, down 116,000 head from the peak of 1.847 million head in July 2008 and 12,000 less than a year ago. While the 10 year decline of 116,000 head equals the total dairy cow inventory in Florida of 118,000, the average 11,600 head drop per year in cow numbers in CA the past decade is not exactly huge liquidation. But the downward trend continues. With all the pressures facing dairies in CA one would think more cows would be liquidated but it hasn't happened yet. In other Western States, dairy cow numbers are unchanged to higher than last year. The 610,000 dairy cows in Idaho are up 10,000 from a year ago and the 280,000 head in Washington are 6,000 head higher than November 2017. Colorado's 178,000 cows are up 14,000 head from last year. Arizona and Oregon cow numbers were unchanged. The only other Western State to have fewer cows was New Mexico, down 4,000 head.



Snow Survey - The California Department of Water Resources (DWR) conducted the first snow survey of 2019 on January 3. The snow level at Phillips Station in the Sierra's east of Sacramento was 25.5 inches with snow water equivalent of 9 inches, 80 percent of average. Statewide, the Sierra snowpack was 67 percent of the historical average. The results confirm despite early winter storms, Sierra water content is below average for this time of year, according to DWR. This is the first of five snow surveys with the next survey in early February. In Idaho, USDA SNOTEL data listed the snow water equivalent in the central mountain area of the state at 55 percent of the historical average. The important Caribou and Teton mountain ranges in Eastern Idaho sit at 77-80 percent. Areas east of the Cascades in Washington and Oregon are doing well with numbers from 86 to 100 percent. Northern Nevada is showing some strong numbers at 98-116 percent. The drought-stricken areas of Central Utah to Western Colorado areas are on track with an average range of 90-102 percent.

Dairy Cattle Prices - The Bosma Dairy in Tipton, CA will sell 3,500 Jersey cows and 3,500 Jersey heifers at the dairy on February 15, 2019. Overland Stock Yard in Hanford, CA is handling the sale. At Overland Stock Yard this past Monday Holstein Springer heifers sold at steady prices from \$1,000 to \$1,200 each. At the Holstein Steer Video Auction on December 27 at Overland they offered 17,000 head with around 5,000 head of "no sales." Demand light to moderate with prices mainly steady with the previous month's sale. Large Frame 3 Holstein steer calves 325 lbs. for January through March shipment \$112 to \$120 cwt. fob calf lots in central CA; April and May shipment calves \$116 to \$125 fob central CA calf lots. Breaking and Boning Utility dairy slaughter cows at Overland Stock Yard last Monday brought \$40 to \$44 cwt.

Dairy Product Prices - The Global Dairy Trade auction in New Zealand saw the all price index up 2.8% from the last auction and the third consecutive auction with a higher index price. This along with higher dairy product prices on the CME were positives with cheese block up 1.25 cent and February Class III milk futures finished up 7 cents at \$14.74. This is up 24 cents from where the February futures closed two weeks ago. The negatives were the jitters on Wall Street and around the globe of a world economic slowdown after Apple announced disappointing sales in China. Settlement of the U.S.-China trade war would be a positive but outside of a few optimistic tweets from President Trump, there are no firm indicators of when that might happen.

Government Shutdown – The shutdown of the USA government over budget negotiations will have an impact on the release of Labor Department and USDA-NASS reports. The reports were set to be released on January 11th, but they will now be delayed until funding is restored. The reports impacted include the final report on 2018 crop production, grain stocks, the estimates on winter wheat seeding, and the monthly unemployment reports. A few dairy reports will be impacted as well but the most critical reports will be published. These reports are used by traders to help price the commodity markets. A deal to reopen the government could be hard to come by as the newly elected Democrat majority in the House and President Trump dig in on their demands. 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