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Western States Hay Market Analysis and Insights



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This week's Market Overview
 Hay trading slow in Central California with most sales in Merced County but no comparison with last week to test the trend. **(Sales in narrative of report fob stack for current move unless specified otherwise, dollars per short ton)**

A few growers in the Central and Southern San Joaquin valley started cutting new crop alfalfa hay this week on more sandy soils but most growers say they are one to three weeks away from starting. A little green chopping of alfalfa reported but no prices reported. Nice weather in the Central Valley with high temperatures in the 70's and up to low 80's forecast for Kern County early next week but it will all change with rain forecast for next week.

In Kern County, **Dairy: New Crop Contract:** Approximately 25,000 tons single crop corn for silage to be harvested in July with a base price of \$50 standing, if the market is above \$50 at time of harvest the grower will get the higher price.

In the high Desert, **Retail:** 175 tons Premium retail alfalfa hay \$285 fob barn. Load high Premium 3-way grain hay \$285.

In Tulare, Kings, and Fresno Counties, **Dairy:** 60 tons Premium oat hay big bales \$220 delivered to dairy. 120 tons small bale wheat straw from the southern desert that

Market Indicators...	Unit	Most Recent	Week Ago	Year Ago
CA FMMO Uniform (blended) Milk Price-Tulare	Cwt. *	Feb \$14.24	Jan \$14.21	N/A
USDA Milk Mailbox Prices ** November 2018				
California (CDFA Oct 2018 & year ago)	Cwt.	N/A	Oct \$16.37	\$16.57
New Mexico	Cwt.	\$14.34	Oct \$14.79	\$16.13
Oregon/Washington	Cwt.	\$17.05	Oct \$17.53	\$18.09
Class III Milk Futures –CME (April 2019)	Cwt.	\$14.88	\$14.80	\$14.03
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.	\$1.5600	\$1.5350	\$1.5700
Barrel Cheese	\$/Lbs.	\$1.4925	\$1.3650	\$1.4975
All Hay Exports From West Coast Ports (U.S. Census Bureau) Jan – Dec 2018				
California Ports	Metric Tons	2,066,207		2,318,958
Washington Ports	Tons	1,841,723		1,904,559
Rolled Corn Dlvd to Magic Valley ID Dairies	\$/Ton	\$195	\$196	N/A
Rolled Corn Dlvd to Central CA Dairies	\$/Ton	\$204	\$202	\$199
No. 2 Yellow Corn – FOB Iowa (USDA)	\$/Ton	\$126-\$133	\$120-\$126	\$127-\$134
Ethanol Price – FOB Iowa (USDA)	\$/Gal	\$1.25-\$1.37	\$1.18-\$1.31	\$1.32-\$1.46
Crude Oil – New York Futures (Apr 2019)	\$/Barrel	\$58.52	\$56.07	\$62.04
Alfalfa Hay Prices – (The Hoyt Report)				
California – Dlvd to Tulare/Hanford Dairies				
	Tons			
Supreme	1,000	\$/Ton \$270-\$285	\$270-\$295	\$285-\$295
Premium	970	\$/Ton \$260-\$265	\$260-\$270	\$260-\$275
Good	100	\$/Ton \$240	\$235-\$250	No Sales
Fair	75	\$/Ton \$228	\$225-\$235	\$230-\$235
Dlvd Escalon, Modesto, Turlock Dairies				
Supreme (mostly \$275-\$285)	1,050	\$/Ton \$265-\$285	\$275-\$285	No Sales
Premium	750	\$/Ton \$260-\$272	No Sales	\$278-\$285
Good	300	\$/Ton \$235-\$250	\$240-\$250	No sales
Fair (grassy \$200-\$205)	375	\$/Ton \$210-\$228	\$210-\$230	\$210-\$230
Idaho – Alfalfa Hay Big Bales, FOB Stack				
Supreme (going out-of-state)	675	\$/Ton \$175-\$180	No Sales	\$140
Premium/Supreme (short haul)	280	\$/Ton \$180	No Sales	No Sales
Good (export)	5,000	\$/Ton \$150	\$160-\$168	\$120
Fair	150	\$/Ton \$145	\$142-\$150	No sales
WA/OR (C. Basin) Alfalfa, FOB				
Supreme big bale (Dairy)		\$/Ton No Sales	No Sales	No Sales
Premium big bale (Export)		\$/Ton No Sales	\$230	BB \$165
Good big bale (Dairy)	150	\$/Ton \$200	No Sales	\$145-\$150
Fair (Feedlot/Dairy)		\$/Ton No Sales	No Sales	\$120-\$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. BB – Big Bales

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was not good enough for retail \$135 to \$150 delivered to dairies for bedding and feed. **Retail:** 25 tons Premium retail alfalfa hay in barn \$320 delivered to Central Coast.

In Los Banos-Dos Palos & Merced, **Dairy:** 650 tons old crop Premium alfalfa hay \$250 to \$255 fob barn, to local dairies.

In the Imperial Valley, moderate to good demand from dairy and export buyers for new crop alfalfa hay, although buyer participation not widespread. Prices steady to \$5 higher on Supreme dairy and export alfalfa hay, other dairy and export alfalfa hay prices steady to firm compared to last week. No sales reported on grass hay for export. Retail alfalfa and bermuda hay prices steady. Scattered showers early in the week slowed trading but activity picked up late. Rain was light and minimal damage reported. Forecast is for temperatures to be in the mid 80's over the weekend. **Dairy:** 340 tons new crop Supreme big and small bale alfalfa hay \$220 to \$225 fob stack, going to Chino and Central Valley, 75 tons high moisture \$200; 1,725 tons new crop Premium to Supreme alfalfa hay \$210 to \$217; 1,340 tons new crop Premium alfalfa hay big bales \$205 to \$210, 1,140 tons with weeds and frost damage \$185 to \$200; 100 tons Fair alfalfa hay winter clipping with weeds or frost damage \$150 to \$165. 50 tons new crop bermuda straw that was not export quality \$90 fob stack. **Export:** 2,250 tons new crop Supreme alfalfa hay, mainly big bales, some small bales \$220 to \$225 fob stack, 150 tons \$230; 340 tons Premium export alfalfa hay big bales \$210. **Retail/Stable: (Old Crop)** 380 tons Premium Retail alfalfa hay \$260 to \$265 fob barn, 125 tons tarped \$250 to \$255, 170 tons new crop \$250; 275 tons Premium stable alfalfa hay, tarped or in barns \$240; 50 tons tarped Good stable alfalfa hay \$210. 300 tons Premium retail bermuda hay \$215 to \$220 fob barn, some tarped; 55 tons Good to Premium stable bermuda hay \$180 to \$185 fob tarped stacks.

In Blythe, trading slow with prices steady compared to last week. Contacts report up to an inch of rain fell in the area slowing production and trading. Some growers were able to get some alfalfa hay up before the rain. **Dairy:** 1,175 tons new crop Premium alfalfa hay big and small bales \$205 to \$210 fob stack; 260 tons Good alfalfa hay with a little higher moisture or rained on \$175. **Retail: (Old Crop)** 425 tons Premium retail alfalfa hay \$260 to \$265 fob barn, 50 tons tarped Premium retail bermuda hay including bottoms \$220, 50 tons high Premium bermuda hay going to Texas \$250 fob barn. 50 tons Premium retail teff grass \$220 fob barn

In Tracy-Patterson, Modesto, Stockton, and Lodi, slow hay trading with not enough dairy alfalfa hay sales to fully test the trend. Retail hay prices steady. All hay in barns. **Dairy:** 50 tons high Premium alfalfa hay \$250; 100 tons low potassium Good alfalfa hay \$250 to \$260 delivered; 25 tons Fair alfalfa hay with a little grass \$210 fob barn. **Retail/Stable:** 350 tons Premium retail alfalfa hay \$260; 225 tons Good retail alfalfa \$240; 25 tons high Premium stable alfalfa \$300 delivered. 120 tons Premium retail beardless wheat hay \$180 fob barn. 175 tons Premium retail orchardgrass hay \$340 fob. 50 tons Premium 3-way grain hay \$180. 50 tons Premium retail oat hay \$185. 20 tons small bale wheat straw \$4.80/bale fob barn.

In the Sacramento Valley, no sales on dairy alfalfa hay, retail hay market steady to weak. **Dairy:** 125 tons Premium oat hay small bales \$160 fob barn. **Retail:** 575 tons Premium retail alfalfa hay \$240 to \$260 fob barn. 625 tons Premium retail oat hay \$160, load \$150. 50 tons Premium orchardgrass/fescue hay \$240. 160 tons small bale rice straw \$3.50/bale fob barn, mostly for erosion control, few to feed stores.

In the Northern Mountains, limited dairy hay sales reported, retail hay prices steady with two weeks ago. All hay fob barns. **Dairy:** In Southern OR, 100 tons Good alfalfa hay \$180. **Retail:** In the Northern CA Mountains, 125 tons high Premium retail alfalfa hay \$250 fob, load Premium in Southern Oregon \$220. 125 tons Premium mixed orchardgrass/alfalfa hay \$260 to \$280. 125 tons Premium orchardgrass hay \$280 fob barn. 50 tons Premium beardless wheat hay \$160. 75 tons Premium retail meadowgrass hay \$180. 150 tons Premium retail timothy hay \$340 fob barn, 150 tons high Premium \$390.

In Arizona, slow trading this week as unsettled weather continued to slowed trading and hampered new crop production. In a limited comparison, dairy alfalfa hay prices steady. Retail alfalfa hay prices steady. First sales reported on new crop retail alfalfa hay in Central Arizona. Scattered rain moved through early in the week with a quarter inch reported in Central AZ. Poston and Parker were the hardest hit with up to an inch of rain reported. **Dairy:** In Central AZ, 675 tons Premium big bale alfalfa hay \$195 to \$200 fob stack, most going to local dairies. In Southwest AZ, 280 tons Premium big bale alfalfa hay \$200, slight frost damage. In Parker/Poston, 150 tons Premium alfalfa hay small bales \$205 to \$210 fob stack; 350 tons Good alfalfa hay small bales \$190, tarped for extended movement. **Retail: (Old Crop)** In Central AZ, 1,250 tons Premium retail alfalfa hay \$275 to \$285 fob barn, mostly \$285; 200 tons Good (#2) retail alfalfa hay \$265 fob barn. **(New Crop)** 400 tons Good (#2) retail alfalfa hay \$265 fob stack.

In Nevada, hay trading slow. Alfalfa hay prices steady with last week in a limited comparison. No new crop contracts reported but one exporter and grower working on a bigger deal in Western Nevada. Conditions are still sloppy with a warming trend in the coming week, but rain is forecast for next Wednesday in some areas. All sales to California buyers.

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Dairy: In Diamond Valley, 750 tons Supreme alfalfa hay with high TDN test but 18 to 19.5% protein \$200 fob barn, current to late May movement, all the money paid up front. In Northern NV, 200 tons tarped supreme alfalfa hay \$200 fob stack, current move; 125 tons tarped Premium alfalfa hay \$175; 100 tons tarped low Good alfalfa hay \$150. In Western NV, 150 tons tarped Good alfalfa hay \$180 fob stack, 250 tons un-tarped \$155, buyer must take tops and bottoms, current move; 100 tons un-tarped Fair alfalfa hay with a little grass \$150. 65 tons un-tarped big bale wheat straw \$70 fob stack. **Retail:** In Yerington, 50 tons Premium retail alfalfa hay \$230 fob barn.

In Idaho, in a limited comparison with last week dairy alfalfa hay prices steady. Interest from California and Colorado dairy buyers for Premium/Supreme alfalfa hay. Negotiations on one new crop alfalfa hay contract ongoing. More rain fell early in the week but strong winds the day after helped dry stack yards out. All sales on big bales fob stack for current move unless specified otherwise, dairy hay sales to Magic valley dairies unless specified otherwise. **Dairy/Beef:** In Southwest ID, 280 tons top tarped Premium to Supreme alfalfa hay \$180, short haul for local dairy and beef cattle. In Eastern ID, 650 tons top tarped Supreme alfalfa hay \$180, current move to Colorado dairy, one test load Supreme alfalfa hay to CA at \$175 fob and dairy will take larger lot if he likes the hay; 150 tons top tarped Fair alfalfa hay \$145, current move. In Southern ID, 2,000 tons old crop corn silage \$52 fob pit, going to local dairy. **Export:** In Eastern ID, 5,000 tons top tarped Good alfalfa hay \$150, pay as it moves for extended movement, buyer to take all bales. **Retail:** 75 tons Premium three string alfalfa hay \$190 fob barn, current move back East.

In the Washington-Oregon Columbia Basin, slow trading this week, in a limited comparison alfalfa hay prices steady. No export trades reported as very little alfalfa hay is left to sell. Dairy and export buyers reported looking in neighboring states for all qualities of alfalfa hay. Snow has begun to melt in the Basin but many growers still not able to spray or work fields. All sales on big bales unless specified otherwise, prices fob wrapped stack unless specified otherwise. **Dairy/Beef:** 150 tons top tarped Good alfalfa hay \$200 fob stack, current move to local dairy. 200 tons Good second cutting big bale timothy hay \$170, for beef cattle, 250 tons Good 2nd cutting big bale timothy \$177 delivered to local dairy. **Retail:** 500 tons Good 3-tie retail alfalfa hay \$240, 100 lb. bales.

In Utah, very slow trading this week, no comparison with last week. Very little hay stocks remain to be traded. A grower contact reported some interest from an export buyer to contract first cutting 2019 alfalfa hay. **Dairy/Beef:** 300 tons Premium/Supreme alfalfa hay \$200 fob barn, extended movement to Texas dairy. 150 tons top tarped Premium 3-way grain hay \$170 fob stack, for local beef cattle.

Dairy Cattle Prices - At the Overland and A&M auctions in Hanford CA this week Holstein Springer heifers sold steady to firm and traded from \$900 to \$1,200 each, with a few top end at A&M to \$1,300. At the Two Star Dairy dispersal sale at A&M Livestock auction yard on Friday they sold 1,000 head of overall average quality Holstein cows with the sale average price of \$900 per head. The better-quality younger cows topped at \$1,200 to \$1,300 each and older cows were discounted heavily. Dry cows topped at \$1,100 each. Day old Holstein bull calves at Central CA dairies sold for mainly \$10 per head fob dairy, few to \$20. At Central CA auctions slaughter cows sold steady to \$5 higher this week with Breaking and better Boning Utility dairy cows trading from \$50 to \$62 cwt.

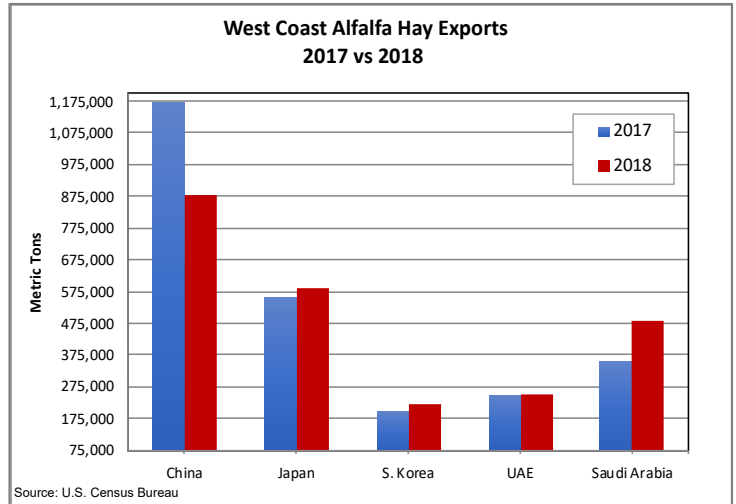
Colorado River Water Update – The Los Angeles Times is reporting California has signed onto the Lower Basin Drought Contingency Plan (DCP) allowing the full plan to move forward. The plan had been delayed as the Imperial Irrigation District (IID), holders of senior rights on the lower Colorado River, worked to secure funding for restoration work on the Salton Sea before signing onto the plan. While IID's request has not been met, the Metropolitan Water District of Southern California (MWD) voted on Tuesday to absorb any future cuts the IID may see in order to move the plan forward. MWD's General Manager expressed a desire to move forward and not lose progress made on the deal as reasons for the vote. Under the Lower Basin DCP if Lake Mead drops to a certain level Arizona and Nevada would take the first cuts to store additional water in the lake. If the lake dropped to 1,045 feet, 44 feet below current levels, California's water districts would then be required to contribute 200,000 to 300,000 acre-feet a year of water depending on the level. Under the previous agreement Palo Verde Irrigation District would take 8 percent, Coachella Valley Water District would take 7 percent, IID would contribute 125,000 acre-feet a year for the first two years, and the MWD would contribute the rest. In the new agreement the MWD will now contribute an additional 250,000 acre-feet, if needed, in place of IID. This was done at the objections of IID's board of directors. In a statement released last week before the MWD vote, IID board President Erik Ortega said, "a Lower Basin DCP that attempts to sidestep or work around the unique environmental challenges posed by the Salton Sea, or one that excludes IID because the other parties "can't wait" for the Salton Sea isn't really a contingency plan. It's an escape hatch". U.S Bureau of Reclamation Commissioner Brenda Burman has said she supports federal funding for Salton Sea restoration but talks so far have not linked funding to the drought plan. If the IID were to sign onto the plan later, the MWD says it would be released from taking IID's share of cuts. The full seven state plan, which covers the next eight years, must now be approved by congress before it can take effect.

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West Coast Alfalfa Hay Exports to the Five Major Countries Down 5 percent in 2018 vs. 2017– The U.S Census

Bureau released the delayed export number for December 2018. As expected, alfalfa hay exports totals for 2018 finished the year down 5% from 2017. China was down 25% with exports of 877,960 metric tons, 293,025 mt less than their 2017 alfalfa hay imports. As most of the alfalfa hay shipped to China comes from Long Beach, exports from there were down 11% while exports out of Seattle/Tacoma were only down 3%. This shows the strong impact the Chinese tariffs have had on alfalfa hay exports from the West Coast. The strong optimism for a Chinese-U.S. agreement from earlier this month has faded. Analyst are now saying an agreement by the end of March is unlikely. The longer it drags on the more of an impact it will have on 2019 exports. Saudi Arabia finished the year up 33% over 2017, importing 120,387 more metric tons. The UAE ended the year unchanged, quite a turn-around from the first half of 2018. Due to competition from China where the UAE was buying alfalfa hay in the world, UAE became more aggressive buying west coast hay.



Japan and South Korea saw some growth in 2018 with Japan up 4% to 583,223 mt and So. Korea up 11% to 221,964 mt.

U.S Milk Production – Total U.S. milk production for January 2019 came in 0.9 % higher than last January, surprising some analyst’s. The growth was stronger in the 23 major dairy states which saw a gain of 1.3%. These gains were fueled by per cow production which came in at 1,988 lbs., up 35 lbs. from last January. In the West, California posted a 0.8% increase with a per cow production of 2,030 lbs. up 25 pounds from a year ago in spite of having 8,000 less milk cows than last year. When compared to January 2017 California is down 25,000 milk cows, or 1.4%, but milk production is up 3 percent. This highlights the efficiency gains dairies have made over the last 2 years. In the PNW and Upper Midwest unseasonably warm temperatures in early January pushed per cow production up in those areas. Those numbers are expected to change in February due to harsh weather. Washington saw some milk cow deaths from blizzard conditions and in Minnesota there has been reports of dairy barns collapsing from heavy, wet snow. In the Southwest, Arizona and New Mexico milk production dropped by 3.8 and 3.5%, respectively. This was caused by herd reductions in both states as per-cow milk production stayed the same. Arizona is down 8,000 milk cows from January 2018 and New Mexico is down 10,000 milk cows. These losses in milk cows matches the growth in Texas, which is up 18,000 milk cows and saw a 7.8% increase in milk production from January 2018.

California Water Allocation Update – The Bureau of Reclamation announced today the water allocation for Central CA from the Central Valley Project would be raised from 35% to 55%. With the heavy rain and abundant snow pack many reservoirs in California are at capacity and above their historical averages. Lake Shasta is at 85% capacity and 111 percent of its historical average. San Luis Reservoir is at 99% capacity and 113% of its historical average. With the expected heavy spring run-off some are wondering why weren’t the allocations raised even further?

Dairy Product Prices – Cheese was the bright spot this week with CME barrel prices up 12.75 cents to close at \$1.4925 a pound, a 4-month high. Blocks posted a gain of 2.5 cents for the week. According to the Dairy & Food Market Analyst, the African Swine Fever in China continues to spread, hurting dry whey demand for piglet feed. This along with Chinese tariffs pushed CME dry whey prices down 2 cents while nonfat dry milk was down just under a cent. Class III milk futures were up slightly from a week ago with April futures finishing at \$14.88 cwt.

Imperial Valley Hay Acres – Alfalfa hay acres in the Imperial Valley on March 12th, 2019 were 140,967, up 4% from the 135,350 a year ago, according to the Imperial Irrigation District. Bermuda hay acres at 63,771 were up 23% from last March and up 32% from March 2017. Kleingrass hay acres at 20,167 were up 20% from the 16,796 a year ago and 54% from two years ago. Durum wheat acres in the Imperial Valley at 7,817 were down 64% from the 21,673 in March of last year. According to growers in the valley the drop in wheat acres was primarily due to weak grain prices. With the sharp drop in wheat acres, wheat straw supplies in the valley will be tight this season. 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