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Western States Hay Market Analysis and Insights

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This week's Market Overview
First new crop alfalfa hay reported in Central California but because it was weedy no good comparison with a year ago. Few sales on old crop alfalfa hay but not a good comparison with last week. **(Sales in narrative of report fob stack for current move unless specified otherwise, dollars per short ton)**

The big news this week was the Bloomberg story that Rabobank was selling most of its U.S. operations to Mechanics Bank in Walnut Creek, California. This was also verified from a dairyman in Central CA that banks with Rabobank. Most growers in the Central and Southern San Joaquin Valley are waiting to start first cutting alfalfa hay because of forecast rain in the coming week.

In Kern County, **Dairy: Old Crop:** 1,000 tons Good alfalfa hay $237.50 fob barn, sold direct to local dairy. **New Crop:** 560 acres alfalfa haylage $60 to $65 fob windrow, short haul to local dairies to go in bags, one deal based on 70% moisture.

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

In Tulare, Kings, and Fresno Counties, **Dairy: New Crop:** 50 tons Premium alfalfa hay big bales $250 fob stack, short haul to goat dairy; **2**50 tons high Good alfalfa hay with

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.*	$15.29	$14.88	$14.23
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.*	$1.5700	$1.5600	$1.5450
Barrel Cheese		*$/Lbs.*	$1.5650	$1.4925	$1.5100
All Hay Exports From West Coast Ports					
(U.S. Census Bureau) Jan – Dec 2018					
California Ports		*Metric Tons*	2,066,207		2,318,958
Washington Ports		*Metric Tons*	1,841,723		1,904,559
Rolled Corn Dlvd to Magic Valley ID Dairies		*$/Ton*	$200	$195	N/A
Rolled Corn Dlvd to Central CA Dairies		*$/Ton*	$210	$204	$193
No. 2 Yellow Corn – FOB Iowa (USDA)		*$/Ton*	$126-$131	$126-$133	$121-$127
Ethanol Price – FOB Iowa (USDA)		*$/Gal*	$1.30-$1.50	$1.25-$1.37	$1.34-$1.48
Crude Oil – New York Futures (May 2019)		*$/Barrel*	$59.04	$58.52	$65.88
Alfalfa Hay Prices – (The Hoyt Report)					
California – Dlvd to Tulare/Hanford Dairies					
	Tons				
Supreme	555	*$/Ton*	$270-$285	$270-$285	$285-$295
Premium	400	*$/Ton*	$265-$270	$260-$265	$260-$285
Good		*$/Ton*	No Sales	$240	$250-$260
Fair (very grassy 180- $190 dlvd)	100	*$/Ton*	$225-$230	$228	$225-$235
Dlvd Escalon, Modesto, Turlock Dairies					
Supreme	1,600	*$/Ton*	$265-$280	$265-$285	$285-$290
Premium	2,350	*$/Ton*	$258-$270	$260-$272	$270-$278
Good		*$/Ton*	No Sales	$235-$250	$260-$268
Fair (faults $200-$205 dlvd)	125	*$/Ton*	$220	$210-$228	$210-$225
Idaho – Alfalfa Hay Big Bales, FOB Stack					
Supreme (out-of-state or export)	330	*$/Ton*	$175-$180	$175-$180	$140
Premium		*$/Ton*	No Sales	$180	$130
Good	125	*$/Ton*	$165	$150	No Sales
Fair	930	*$/Ton*	$143-$155	$145	$110-$120
WA/OR (C. Basin) Alfalfa, FOB					
Supreme big bale (Dairy)	900	*$/Ton*	$220	No Sales	$170-$175
Premium big bale (Export)		*$/Ton*	No Sales	3-Tie $230	$170-$180
Fair/Good big bale (Dairy)	575	*$/Ton*	$195-$200	No Sales	$155
Fair (Feedlot/Dairy)		*$/Ton*	No Sales	No Sales	$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. BB – Big Bales some weeds $200 fob stack, 100 tons with more weeds $180, fast move & pay to cattle dairy.

In Los Banos-Dos Palos and Merced, **Dairy: Old Crop:** 500 tons Good/Premium alfalfa hay $240 fob barn. Load Premium beardless wheat hay small bales $180 fob barn, 50 tons big bales $194 delivered to dairy.

In Imperial Valley, good demand from dairy and export buyers for new crop alfalfa hay, export buyer participation remains narrow. Prices firm to $5 higher on Premium and Supreme dairy and export alfalfa hay, prices on other qualities steady compared to last week. No sales reported on grass hay for export. Retail alfalfa hay and bermuda hay prices steady. A large amount of alfalfa hay has been cut with the better weather. **Dairy:** 1,075 tons new crop Supreme alfalfa hay big and small bales $225 to $230, mostly $225 fob stack, 225 tons high moisture or with weeds $210 to $215; 750 tons Premium/Supreme alfalfa hay big and small bales $215 to $220; 175 tons Premium alfalfa hay $210; 200 tons Good alfalfa hay $180 to $190; 75 tons weedy or rain damaged Fair alfalfa hay $145, 25 tons very weedy $125. **Export:** 950 tons new crop Supreme alfalfa hay big bales $230 fob stack, 85 tons $231; 3,550 tons Premium to Supreme alfalfa hay, mainly big bales, some small bales $220 to $225. **Retail/Stable: (Old Crop)** 340 tons Premium retail alfalfa hay $260 to $265 fob barn, 100 tons tarped $250 to $255; 150 tons new crop Good retail alfalfa hay $240 fob stack; 200 tons Premium stable alfalfa hay tarped or in barns $240; 90 tons tarped Good stable alfalfa hay $200 to $210. 250 tons Premium retail bermuda hay, tarped or in barns $215 to $220, two loads high Premium $230; 140 tons top tarped Good retail bermuda hay $180 fob stack, buyer to take all bales; 175 tons Good to Premium stable bermuda $180 to $185 fob tarped stacks.

In Blythe, trading slow with dairy alfalfa hay prices steady to $5 higher compared to last week. More interest from export buyers as better quality alfalfa hay has been put up. Better weather this week has more alfalfa hay being cut. **Dairy:** 450 tons Premium alfalfa hay $210 to $215 fob stack, 150 tons with some weeds $205, 350 tons weedy or rain damaged $185; 25 tons Fair rain damaged alfalfa hay $145. **Export:** 630 tons new crop Premium alfalfa hay big bales $210 to $215 fob stack. **Retail:** 450 tons old crop Premium retail alfalfa hay $260 to $265 fob barn, 125 tons new crop $250; 175 tons new crop Good stable alfalfa $220 fob stack. 100 tons old crop tarped Good retail bermuda $210, buyer to take bottoms.

In Tracy-Patterson, Modesto, Stockton, and Lodi, hay trading slow, limited sales of dairy alfalfa hay and beardless wheat hay steady. Retail hay prices steady with last week. All sales on old crop hay from barns. Rain this week and more rain forecast for the coming week. **Dairy:** 50 tons Premium alfalfa hay $250. 75 tons Premium beardless wheat hay big bales $160 fob barn. **Retail:** 325 tons Premium alfalfa hay $260; 125 tons Good retail alfalfa hay $240. 100 tons Premium retail orchardgrass hay $340 fob barn. 50 tons Premium beardless wheat hay $185. 25 tons Premium oat hay $185. 50 tons Premium retail 3 way grain hay $180. 50 tons small bale wheat straw for feed stores $6/bale fob barn.

In the Sacramento Valley, retail alfalfa hay prices steady, no sales reported on dairy alfalfa hay. **Retail:** 325 tons Premium retail alfalfa hay $240 to $260 fob barn. Load Premium orchardgrass/fescue hay $240.

In the Northern Mountains, trading slow on limited supplies of dairy alfalfa hay with no comparison to test the trend. Retail hay prices steady except orchardgrass and orchardgrass/alfalfa hay steady to $10 higher in good demand. Beef ranchers in Oregon still having a hard time finding feeder hay. All sales from barns. **Dairy: Organic:** In Southern OR, 250 tons Premium alfalfa hay $250 fob barn, current move to Oregon dairy. **Dairy Conventional:** In the Northern CA Mountains, 50 tons high Premium/low Supreme alfalfa hay $200 fob. In Central OR, 345 tons Premium alfalfa hay $215 fob barn, to Oregon & Washington beef and dairy operations. 180 tons Good 2 way grain hay $140 fob, for beef cattle. **Retail:** In the Northern CA Mountains, 125 tons high Premium alfalfa hay $250 fob barn, load low Premium in Southern OR $220. 175 tons Premium retail orchardgrass hay $280 to $290, load $300 fob. 175 tons Premium orchardgrass/alfalfa hay $260 to $280, mostly $280. 175 tons Premium retail timothy hay $340 fob barn.

In Arizona, dairy alfalfa hay prices steady compared with last week. Hay trading is picking up as more quality hay is being put up. No recent comparison on export alfalfa hay trades. Retail alfalfa hay prices steady. **Dairy:** In Southwest AZ, 500 tons new crop Premium alfalfa hay $210, current move to local dairy. In Central AZ, 275 tons new crop Premium alfalfa hay $200, current move to local dairy. In Parker/Poston, 300 tons Premium alfalfa hay big bales $205, 125 tons with weeds $190. **Export:** In Southwest AZ, 1,600 tons new crop Supreme alfalfa hay big bales $230 fob stack, 1,500 tons old crop Supreme alfalfa hay big bales $233 fob barn. In Central AZ, 900 tons new crop Premium alfalfa hay big bales $205 to $210. **Retail/Stable:** In Central AZ, 1,350 tons old crop Premium retail alfalfa hay $285 fob barn, 125 high Premium $290 to $295; 250 tons tarped Good (#2) $250 fob stack; 150 tons new crop low Premium stable alfalfa hay $220 fob.

In Nevada, hay trading slow. Few sales dairy alfalfa hay steady. Still a challenge getting into stacks and barns due to muddy conditions after additional rain the past week. Still no new crop contracts finalized. All sales were big bales unless specified otherwise or on retail hay. **Dairy:** In Western NV, 400 tons Supreme alfalfa hay in barn or top tarped $200 to

$210 fob; 400 tons un-tarped Fair alfalfa hay $150 to $155, buyer can kick out 5% bad bales on one deal. **Beef/Horses:** 200 tons Good triticale hay small bales $130 fob barn. 100 tons top tarped Good meadowgrass hay small bales $130, buyer can leave bottoms. In Southern NV, 100 tons un-tarped big bale corn stalks $60 fob stack, to local beef ranch for bedding. **Retail:** In Yerington, 125 tons Premium retail alfalfa hay $220 fob barn.

In Idaho, alfalfa hay trading slow this week, Premium and Supreme dairy and export alfalfa hay prices steady, Fair alfalfa hay prices steady to firm. No comparison to last year on new crop contract in Southwest ID. Some Fair alfalfa hay trades reported this week were purchased from cattle ranchers with extra alfalfa hay. All sales on big bales with dairy hay sales to Magic valley dairies unless specified otherwise. **Dairy: Organic:** In Eastern ID, 200 tons Good alfalfa hay $185 fob barn. **Dairy/Beef: Conventional:** In Southwest ID, 580 tons uncovered Fair to Good alfalfa hay $150 to $155, some for beef cattle. 50 tons Premium orchardgrass alfalfa mix big bales $175 fob barn, for local beef cattle. In Eastern ID, load top tarped Supreme alfalfa hay $175, current move to California dairy; 125 tons top tarped Good alfalfa hay $165 fob stack; 350 tons top tarped Fair alfalfa hay $143 to $145 fob stack. **Dairy: New Crop Contract:** In Southwest ID, 12,000 tons all four cuttings Fair to low Good alfalfa hay rain or shine, $140 fob stack, each cutting paid for and hauled 20 days after going into stack to local dairy. **Export:** In Eastern ID, 300 tons top tarped Supreme alfalfa hay $180 fob stack, current move. **Retail:** In Southern ID, 75 tons Premium orchardgrass alfalfa mix small bales $190 fob barn, going to Eastern U.S.

In the Washington-Oregon Columbia Basin, trading picked up slightly this week but still slow, dairy alfalfa hay prices steady. No comparison on one sale of 3-tie export alfalfa hay. Weather has finally turned warm with most snow melting in the Basin. Contacts estimate fields should be dry next week to begin spraying. Growers are behind 14 to 25 days and expect yields on first cutting alfalfa hay to be below average. All sales big bales unless specified otherwise, prices fob wrapped stack unless specified otherwise. **Dairy/Beef**: 900 tons Supreme alfalfa hay $220, current move to local dairy; 575 tons Fair/Good alfalfa hay $195 to $200, mostly $195 fob stack. 975 tons Good 2nd cutting timothy hay big bales $170, most going to local dairy, few loads for beef cattle. **Export:** 300 tons Good 3-tie alfalfa hay $225 fob stack.

In Utah, hay trading slow, prices steady on alfalfa hay where there was a comparison. Some interest from out of state dairy buyers. **Dairy/Beef:** In Central UT, 750 tons Supreme alfalfa hay $200 fob barn, 90% down to California Dairy. 180 tons Premium 3-way grain hay $160, for beef cattle. 300 tons big bale wheat straw $100 fob, for local dairy and beef cattle feed and bedding. 100 tons big bale cornstalks $105 fob stack, 150 tons ground corn stalks $120. In Southern UT, 1,500 tons Supreme alfalfa hay $215 fob barn, extended movement to out of state dairy, sold 10 days ago; 1,300 tons Fair to Premium alfalfa hay $180 fob barn straight through. **Retail:** In Southern UT, 75 tons Premium retail alfalfa hay $240.

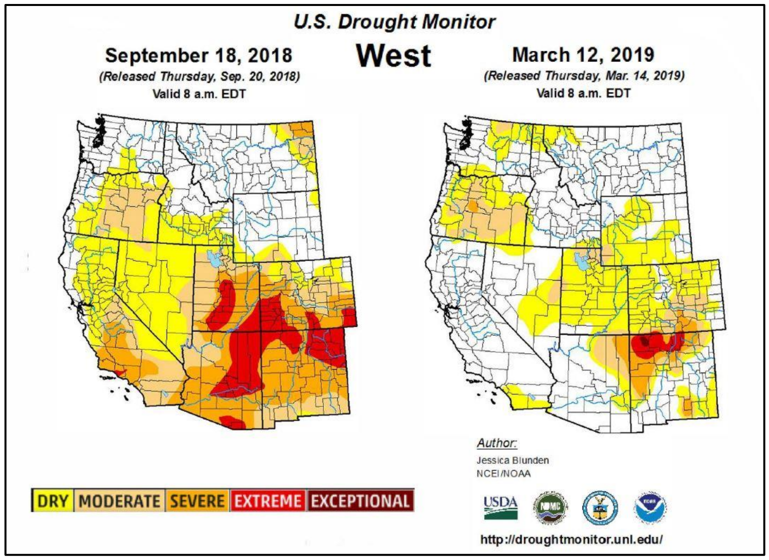
Dairy Product Prices - Cheese prices were higher on the CME for the second consecutive week with blocks on Friday at $1.5700, up 1 cent from a week ago and barrels at $1.5650 per pound were up 7.25 cents from a week ago. While it would be nice if the cheese market had reached a bottom, we need to wait for another week to see if this higher trend will last. Nonfat dry milk prices on the CME closed the week at $0.9575 per pound, down 1 cent and butter on Friday was $2.2650, down 1.5 cents. Dry whey at $0.3300 per pound was up 1 cent. Positives this week: U.S. milk production in February lower than expected; Slower growth in U.S cheese stocks since January; Global Dairy Trade Auction in New Zealand had a higher price index for the eighth consecutive auction; Milk production is slipping in Europe and New Zealand. April Class 111 milk futures on Friday were up 41 cents at $15.29 cwt., May was up 28 cents and June up 14 cents, prices for the balance of 2019 were unchanged to slightly higher.

Corn - Heavy flooding in the Midwest, particularly in Nebraska has interrupted rail shipments of corn to the west. Rolled corn delivered to central CA dairies on Friday at $210 per ton compares to $202 two weeks ago. Rolled corn delivered to Magic Valley dairies in Idaho at $200 Friday was $5 higher than a weeks ago.

Dairy Cattle Prices – At the Overland Stock Yard in Hanford, CA this week Holstein Springer heifers sold steady from $900 to $1,200 per head. The DeVries Farms dairy in Pixley, CA will sell 1,000 Holstein cows and 1,000 Holstein heifers at a dispersal sale at the dairy on April 6. Overland Stock Yard is handling the sale. Slaughter cow prices at central CA auctions were mostly steady this week with Breaking and Boning Utility dairy cows trading from $52 to $65 cwt.

Hay Exports – Correction from last week: In the paragraph on hay exports to the five major countries that buy west coast alfalfa it was stated that most alfalfa hay shipped to China comes from Long Beach, that should have read "most alfalfa hay exported to China from CA ports is from Long Beach/L.A. ports." According to the U.S. Census Bureau, alfalfa hay exported to China from west coast ports in 2018 totaled 877,960 Metric Tons (MT), with 431,905 MT or 49% from Long Beach/L.A. ports and 349,107 MT or 40% from Seattle/Tacoma ports with the balance of 96,544 MT or 11% from the Port of Oakland. In the month of December 2018 alfalfa hay shipments from Long Beach/L.A. ports to China were 26,174 MT, compared to 32,104 MT from Seattle/Tacoma ports and 7,415 MT from Oakland.

California and Much of Southwest Drought Free after Wet Winter – What a difference 6 months can make, after 7 years of severe drought California is drought free according to the U.S. Drought Monitor. February was one of the wettest on record in many parts of the West and helped push CA out of drought conditions. According to the National Weather Service, areas of Central CA saw double the rainfall they normal see from February through early March. The latest snowpack numbers from the CA Department of Water Resources are 159% of average for the state, which is just the 11th time the state has been above 150% on March 1st on snowpack in the last 70 years. In Idaho, dryland alfalfa farms should see yields return to normal this year as above average snowpack has brought most of the state out of drought conditions. Utah and Colorado received good rain and snowfall this winter and our contacts in Utah expect good desert grass this year for beef cattle grazing. The Natural Resource Conservancy Services has the current Upper Colorado River Basin snowpack at 140% of average. The above average runoff on the Colorado River will help reservoir levels but a few winters like this will be needed to restore reservoir levels back to normal. Arizona saw improvements with record setting rainfall in October followed by above average rain and snowfall through February. The water outlook for much of the West has greatly improved for 2019.



Surface Water Update – On March 20 the California Department of Water Resources increased the allocation for 2019 State Water Project water for long-term contractors from 35 percent to 70 percent due to heavy snow pack and expected heavy runoff. The question is being asked again, why is the Bureau of Reclamation's allocation of CVP water for Central California at 55 percent? U.S. Bureau of Reclamation Commissioner Brenda Burman Commended Arizona, Colorado, Utah, California, Nevada, New Mexico, and Wyoming for reaching a consensus on the Colorado River Drought Contingency plan. Now the States are seeking approval from Congress to implement the plan.

U.S. Milk Production Up 0.2 Percent in February – USDA's latest milk production report showed U.S. milk production for February at a modest increase of 0.2% compared to February 2018. This came in slightly lower than some analyst's expected and was the lowest year over year milk output growth in 3 years. Milk production per cow was 1,818 pounds in February, up 19 pounds from a year ago. The milk production growth was almost entirely from production per cow increases as the national milk cow herd was down 77,000 head from last year and unchanged from last month at 9.359 million head. The surprise was the herd size remaining unchanged from January as USDA has been reporting near record dairy cow slaughter in the month of February (more on dairy cow culling below). Milk output in the 23 major dairy states grew 0.6% from last February and the Western states were up 0.45%. Breaking the West down by state Idaho was up 2.1%, Utah up 1.1% and Oregon up 7.3%. California, which has the most influence on western state milk production, saw a minimal growth of 0.1% due to heavy rain in February with production per cow up 10 pounds from a year ago. Washington reported no change in milk production as the harsh winter weather in February brought production per cow down 20 pounds from last February. Arizona and New Mexico were down 3.4 and 3.9%, respectively, with cow numbers down in both states compared to a year ago.

Heavy U.S. Dairy Cow Culling in February - According to USDA there were 278,900 head of dairy cows slaughtered in the U.S. in February 2019, up 7% from February of last year. The average weekly dairy cow slaughter during the month was just under 70,000 head with 71,600 head slaughtered the week ending February 23, 71,500 the week ending March 2 and 72,700 head slaughtered the week ending March 9. According to FCStone, dairy culling in February in the U.S. was at the highest levels since mid-January 2013. While CA cow slaughter did not follow the national trend and was down 1% in February it was up 7% the week ending March 9. Dairy cow slaughter in Region 10 (ID-OR-WA) in February at 31,300 head was 13% higher than a year ago and up 19% week ending March 9. It's not surprising that dairy cow culling is high in the U.S. as many dairies are struggling financially and trying to generate cash. 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