



www.thehoytreport.com

This week's Market Overview

Another week of limited hay trading in Central California with not enough fob sales or no recent comparison to test the trend on alfalfa hay. **(Sales in narrative of report fob stack for current move unless specified otherwise, dollars per short ton)**

One buyer was working on a new crop contract on wheat straw in the central valley but deal wasn't finalized late in the week. Few dealers are buying new crop alfalfa hay in the Imperial Valley but finding stiff competition from export buyers on better quality hay with less than 15% moisture. After a lot of rain in recent weeks, drier conditions forecast for the coming week, although strong chance of rain next Tuesday.

In Kern County, **Dairy:** 680 tons Supreme alfalfa hay \$261 fob barn, to local dairy.

In Tulare, Kings, and Fresno Counties, **Dairy:** 75 tons top tarped Fair alfalfa with some stack damage \$210 fob stack. 200 tons big bale wheat straw \$125 delivered from Arizona and tarped stack from Sacramento Valley. 250 tons big bale double cut rice straw \$105 delivered from barn in Sacramento valley, for feed and bedding at dairies.

In Los Banos-Dos Palos and Merced, **Dairy:** 100 tons Premium to Supreme alfalfa hay \$275 delivered to dairy.

In the Imperial Valley, new crop export and dairy alfalfa

Market Indicators...	Unit	Most Recent	Week Ago	Year Ago
CA FMMO Uniform (blended) Milk Price-Tulare	Cwt. *	Jan \$14.21	Dec \$14.03	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.	\$14.80	\$15.13	\$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.	\$1.5350	\$1.6100	\$1.5700
Barrel Cheese	\$/Lbs.	\$1.3650	\$1.4100	\$1.4975
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	\$196	\$198	N/A
Rolled Corn Dlvd to Central CA Dairies	\$/Ton	\$202	\$203	\$199
No. 2 Yellow Corn – FOB Iowa (USDA)	\$/Ton	\$120-\$126	\$122-\$128	\$127-\$134
Ethanol Price – FOB Iowa (USDA)	\$/Gal	\$1.18-\$1.31	\$1.23-\$1.30	\$1.32-\$1.46
Crude Oil – New York Futures (Apr 2019)	\$/Barrel	\$56.07	\$55.80	\$62.04
Alfalfa Hay Prices – (The Hoyt Report)				
California – Dlvd to Tulare/Hanford Dairies				
	Tons			
Supreme (mostly \$275-\$285)	1,825	\$/Ton \$270-\$295	\$275-\$300	\$285-\$295
Premium	2,550	\$/Ton \$260-\$270	\$265	\$260-\$275
Good	880	\$/Ton \$235-\$250	No Sales	No Sales
Fair	325	\$/Ton \$225-\$235	\$220-\$230	\$230-\$235
Dlvd Escalon, Modesto, Turlock Dairies				
Supreme	400	\$/Ton \$275-\$285	\$285	No Sales
Premium		\$/Ton No Sales	No Sales	\$278-\$285
Good	325	\$/Ton \$240-\$250	\$248	No sales
Fair (little grass \$200 dlvd.)	200	\$/Ton \$210-\$230	\$210-\$220	\$210-\$230
Idaho – Alfalfa Hay Big Bales, FOB Stack				
Prem/Sup (read narrative pg 3)	925	\$/Ton	No Sales	\$140
Premium		\$/Ton No Sales	\$175	No Sales
Good	600	\$/Ton \$160-\$168	\$150-\$155	\$120
Fair (for local beef cattle \$160)	700	\$/Ton \$142-\$150	\$145	No sales
WA/OR (C. Basin) Alfalfa, FOB				
Supreme big bale (Dairy)		\$/Ton No Sales	No Sales	No Sales
Premium 3-tie (Export)	250	\$/Ton \$230	No Sales	BB \$165
Good big bale (Export)		\$/Ton No Sales	No Sales	\$145-\$150
Fair (Feedlot/Dairy)		\$/Ton No Sales	\$180	\$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

hay prices steady to \$5 higher than last week. Trading picked up on new crop alfalfa hay with most activity on export hay. No sales reported on grass hay for export. Retail alfalfa and bermuda hay prices steady. Only a couple of exporters buying alfalfa hay with another exporter saying they will be in the market when the trade war with China is settled. Light rain fell in some areas early in the week but wind the day or two after helped minimize damage. Daytime temperatures forecast to be in the mid 60's most of next week with a 50% chance of rain Monday. **Dairy:** 1,800 tons new crop Premium to Supreme alfalfa hay, mainly small bales, \$210 to \$215 fob stack, 300 tons Supreme going to Chino \$220 fob; 825 tons Premium alfalfa hay \$200 to \$210, much of the \$200 hay a little old, dry, or old crop, 750 tons with a few weeds or frost damage \$185 to \$195; 900 tons Good alfalfa hay \$180 to \$190, much of the \$180 hay with a little fault or was old crop; 300 tons winter clipping rain damaged Fair alfalfa hay \$110. 400 tons old crop Fair bermuda hay \$90. 100 tons un-tarped old crop Fair sudan hay \$80. 300 tons new crop bermuda straw big bales that was not export quality \$90 fob stack. **Export:** 5,355 tons new crop Premium to Supreme alfalfa hay, mainly big bales, some small bales \$215 to \$220, around 75% of the volume at \$220, 700 tons Supreme big bales \$222 to \$223 fob stack; 250 tons Premium export alfalfa hay big bales \$210. **Retail/Stable: (Old Crop)** 350 tons Premium retail alfalfa hay \$260 to \$265 fob barn, 125 ton high Premium in barn \$270, 75 tons tarped \$250 to \$255; 350 tons Premium stable alfalfa hay, tarped and in barns, \$230 to \$240, 75 tons high Premium in barn \$245 fob, 50 tons new crop \$225; Load Good tarped stable alfalfa \$210. 350 tons Premium retail bermuda hay \$210 to \$220, 300 tons high Premium in barn and fully tarped \$230 fob stack; 400 tons fully tarped Good retail bermuda hay \$190 to \$200; 75 tons Good to Premium stable bermuda hay \$180 to \$185 fob tarped stacks.

In Blythe, new crop dairy alfalfa hay prices steady to \$5 higher than last week. Retail alfalfa hay prices steady. Light rain early in the week but damage was minimal. More growers will be starting new crop first cutting alfalfa hay next week. Rain in Los Angeles area slowed the movement of retail hay from Blythe this week. **Dairy:** 1,555 tons new crop Premium alfalfa hay \$205 to \$210 fob stack, 700 tons with frost damage \$195 to \$200; 400 tons Good alfalfa hay with a little higher moisture or rained on \$170 fob stack; 175 tons Fair alfalfa hay with faults (weeds, moisture, etc.) \$145 to \$150. **Retail: (Old Crop)** 375 tons Premium alfalfa hay \$260 to \$265 fob barn, 150 tons fully tarped \$250, bad bottoms out. 50 tons Premium retail teff grass hay \$220 fob barn. 50 tons high Premium retail bermuda hay \$250 fob barn, going to Texas.

In Tracy-Patterson, Modesto, Stockton, and Lodi, hay trading slow. Retail hay prices steady, not a good comparison on dairy alfalfa hay, undertone steady. **Dairy:** 100 tons Premium/Supreme alfalfa hay \$273 delivered from out-of-state; 75 tons high Good alfalfa hay with bleach \$220 fob barn; 25 tons Fair alfalfa hay with a little grass \$210 fob barn. 50 tons Premium beardless wheat hay \$220 delivered from out-of-state. **Retail: (fob barns)** 175 tons Premium alfalfa hay \$260; 100 tons Good retail alfalfa hay \$240. 50 tons Premium retail beardless wheat hay \$180 fob barn. 50 tons Premium oat hay \$180. 25 tons Premium retail 3 way grain hay \$180.

In the Sacramento Valley, retail alfalfa hay market steady, no sales reported on dairy alfalfa hay. **Retail:** 275 tons Premium alfalfa hay \$240 to \$260 fob barn. 50 tons Premium retail oat hay \$175 fob barn; 50 tons Fair oat hay \$108. 25 tons Premium retail orchardgrass/fescue hay \$220. 100 tons small bale rice straw \$3.50/bale fob barn, for erosion control.

In the Northern Mountains, few sales on dairy alfalfa hay steady to firm but market poorly tested. One contact in Central Oregon said feeder hay supplies are so tight that one beef rancher bought Supreme quality milk cow hay for beef cows. All hay in barns. **Dairy: Organic:** In Southern Oregon, Load Good alfalfa hay that was rained on \$195. **Dairy: Conventional:** In Southern Oregon, 400 tons Good alfalfa hay \$180 to \$195 fob barn, the \$195 hay to Oregon dairy. In Central Oregon, 300 tons Supreme alfalfa hay \$215, to Oregon dairy and beef rancher; 100 tons Premium alfalfa hay \$195 fob barn, to Oregon dairy. **Retail:** In the Northern CA Mountains, 75 tons Premium retail timothy hay \$340 fob barn.

In Arizona, slow trading this week with dairy and retail alfalfa hay prices steady. First sales on new crop alfalfa hay for export reported at prices unchanged from last year. In Central Arizona contacts reported some bug pressure, particularly from aphids. **Dairy:** In Central AZ, 125 tons new crop Premium alfalfa hay big bales \$205 fob stack. In Parker/Poston: Couple loads new crop higher moisture Premium alfalfa hay small bales \$180. **Export:** In Southwest AZ, 175 tons new crop Premium/Supreme alfalfa hay big bales \$210 fob, 600 tons took a light shower \$205, all for current move. **Retail: (Old Crop)** In Central AZ, 1,675 tons Premium retail alfalfa hay \$275 to \$285 fob barn, 250 tons high Premium \$290.

In Nevada, alfalfa hay trading slow with not a good comparison with last week, undertone steady. Sloppy conditions making it hard to move hay from stacks and barns. **Dairy:** In Western and Northwest NV, 245 tons Supreme alfalfa hay \$220 fob barn, current move to CA; 375 tons in barn or top tarped Premium alfalfa hay \$180, 75 tons un-tarped closer to CA line \$180; 200 tons tarped or in barn Good alfalfa hay \$165 to \$170 the \$170 hay loaded on truck; 275 tons Fair alfalfa hay, top tarped or in barn, \$150 loaded on truck, extended movement with money up front, 75 tons with a little grass closer to CA line \$150 fob stack, current move, 250 tons with a little foxtail \$140. 100 tons top tarped mixed Good beardless wheat hay & alfalfa \$135, for local beef cattle. In Southern NV, 100 tons un-tarped big bale corn stalks \$60 fob

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.

stack, to local beef cattle. In Diamond Valley, 500 tons Supreme alfalfa hay \$190 fob barn, all the money up front, current move. **Retail:** In Yerington, 25 tons Premium retail alfalfa hay \$230 fob barn

In Idaho, in a limited comparison with last week alfalfa hay market steady in slow trading. Some interest from California and Washington for Premium/Supreme dairy alfalfa hay. Melting snow and sloppy conditions making it hard to get trucks into stack yards & barns and into dairies. One new crop alfalfa hay contract was not finalized by late in the week. All sales on big bales fob stack for current move unless specified otherwise, dairy hay sales to Magic valley dairies unless specified otherwise. **Dairy: Organic:** In Eastern ID, 100 tons Fair alfalfa hay \$180 fob barn. **Dairy: Conventional:** In Eastern ID, 600 tons top tarped Premium to Supreme alfalfa hay \$180, current move to Washington with half the money paid up front, one test load Supreme alfalfa to CA at \$180 fob and dairy will take the balance of 300 tons if he likes the hay; 500 tons straw covered Good alfalfa hay \$168 fob stack, 100 tons \$190 delivered to Magic Valley. In Southwest ID, 300 tons Premium to Supreme alfalfa hay \$180 fob barn, 80% paid up front, current to extended move to local dairy. 75 tons Premium mixed grass hay \$180 fob barn, for local dry cows. **Dairy/Beef:** In Eastern ID, 550 tons tarped or straw covered Fair alfalfa hay, including rained on, \$145 to \$150 fob stack, 150 tons \$142, 300 tons for local beef cattle \$160 fob. **Stable:** 50 tons Premium three string alfalfa hay \$190 fob barn, going to Kentucky.

In the Washington-Oregon Columbia Basin, alfalfa hay trading at a near standstill. No comparison on one reported export alfalfa hay trade. Good demand from beef buyers for alfalfa hay but supplies hard to find. Some interest from Canadian dairy buyers for higher quality alfalfa hay. Later than average snow cover, particularly in Southern Basin, has kept growers out of fields. A few grower contacts said they are ten days from getting into fields when normally they are done spraying alfalfa and timothy fields by now. Forecasts show temperatures only slightly above freezing for the next week. All sales on big bales unless specified otherwise, prices fob wrapped stack unless specified otherwise. **Export:** 250 tons Premium alfalfa hay 3-tie \$230 fob, current move. **Beef:** 200 tons Good big bale timothy hay \$170, for beef cattle.

In Utah, slow trading this week with prices steady. Some interest from California dairy buyers. More snow fell this week with contacts anticipating good desert spring grass for beef cattle. **Dairy:** In Central UT, 700 tons top tarped Good alfalfa hay \$180, current move to central California dairy, 300 tons to local dairy \$185 fob barn. **Beef:** In Central UT, 250 tons Premium alfalfa hay \$210 delivered from barn, very short haul. 100 tons top tarped Premium 3-way grain hay \$170 to \$175 fob stack. In Southern UT, couple loads Premium alfalfa hay \$200 fob barn. **Retail:** 125 tons Premium retail alfalfa hay 3-tie \$240 fob barn, current move out of state.

The Saudi Forage Trade Forum – Early this week Josh gave a presentation at The Saudi Forage Trade Forum in Riyadh, Saudi Arabia hosted by the Saudi Agricultural and Livestock Investment Company. The deputy minister in charge of ending the production of hay and forages in the Kingdom presented the plan to a group of industry leaders and foreign suppliers. We learned that the rule to stop large farm hay production doesn't just apply to alfalfa but other forages as well, including barley straw and Rhodes grass, which are used as feed for dairy dry cows and for goats, sheep and camels. The Ministry of Agriculture expects domestic production of alfalfa hay to drop by 3.3 million metric tons in 2019. They also anticipate Rhodes grass production to drop by 941,000 Metric Tons (MT), barley straw 135,000 MT and barley production to decline by 135,000 MT. The exception was corn silage production that will increase by 100,000 MT. This means the domestic production of hay and forages in Saudi Arabia in 2019 is estimated to be down by 4.5 million MT. However, with the challenges of gathering accurate crop production information in Saudi Arabia our contacts said the reduction could be anywhere from 2 million MT up to the stated 4.5 million MT. To give some perspective, total U.S. hay exports for 2018 are expected to be around 4.1 million metric tons, according to the U.S. Census Bureau. The Saudi's are expecting to import hay to cover their needs from the U.S., Ukraine, Sudan, Egypt, and South Africa with a good portion coming from the U.S. Most animals being fed in Saudi Arabia are goats, sheep and camels which don't require high quality alfalfa hay. For this reason, it is anticipated the demand from Saudi buyers will be good for all qualities of alfalfa hay and some lower quality grasses. One Saudi buyer Josh spoke with also expressed interest in different types of imported forage pellets for goats. The timing of the increased demand for hay in Saudi Arabia is hard to predict as many users of hay and other forages have been stocking up in anticipation of the water shut-off. One Saudi dairy said they currently had 18 months of hay and forage supplies on hand and they normally have a 12 month supply. There is also some uncertainty around the government subsidy of imported alfalfa hay, which according to our sources is currently around \$70 a metric ton. There are different options that Saudi Arabia is considering: extending the subsidy to other forages, having a subsidy based on the number of animals being fed, or replacing it in some other form. Discussions are ongoing. Information from this meeting gave a better picture of the demand for hay from Saudi Arabia in the coming years.

Dairy Product Exports – After posting a 16% increase the first three quarters of 2018, U.S. dairy product exports were down 11% in the fourth quarter of last year. Even with the late year decline U.S. dairy product exports were still record-high in 2018. U.S. suppliers shipped 152,952 tons of milk powders, cheese, butterfat, whey products, and lactose in

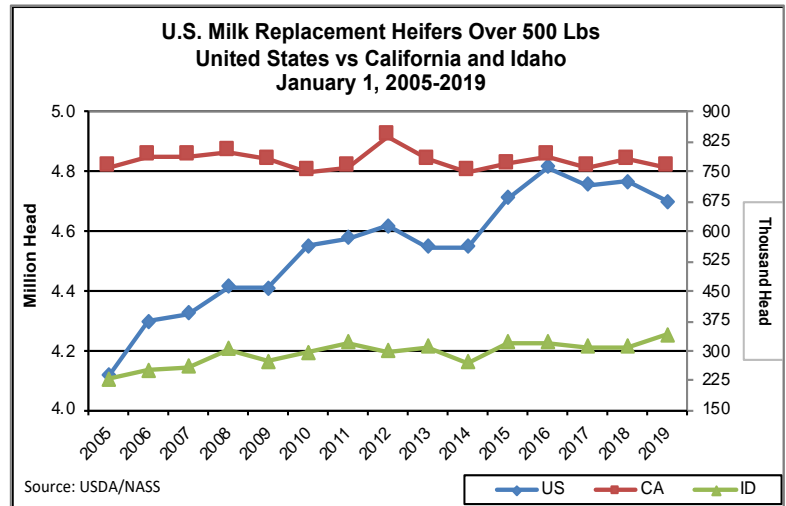
Copyright (c) This publication may not be reproduced in whole or in part by physical, electronic, or other means of reproduction nor transmitted in any form without the permission of the author.

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.

December, the lowest amount in nearly two years, according to the U.S Dairy Export Council. The trade war with China was taking a toll with the value of U.S. dairy exports to China in December down 40% from a year ago. Whey export volume shipped to China was down 50% and off another 45% in January. U.S. U.S dairy product exports in December were the equivalent of 12.8% of the December 2018 U.S. milk production, compared to 16.3% the previous year. U.S. dairy product exports in all of 2018 were the equivalent of 15.8% of U.S. milk production, compared to 14.5% in 2017.

Number of Milk Replacement Heifers over 500 Pounds Down in the U.S. and California, Higher in Idaho -

According to USDA, milk replacement heifers over 500 pounds in the U.S. on January 1, 2019 were 4.702 million head, down nearly 1.5% from the 4.768 million on January 1, 2018. The number of milk replacement heifers expected to calve in 2019 at 3.006 million head was 30,000 head less than in 2018. The lower trend was also consistent with replacement heifer numbers in California that dropped from 780,000 a year ago to 760,000 on January 1, 2019, a 3% decline. Industry sources say that sexed semen has driven replacement heifer numbers higher but that trend is changing in some areas of the nation. The peak in milk replacement heifers over 500 pounds in the U.S. was in 2016 when there were 4.824 million head. Idaho, unlike the U.S. and CA, was up 10% on replacement heifers at 340,000 head, 30,000 head more than a year ago. Replacement heifers over 500 pounds in WA at 123,000 head were unchanged from last year. The number of milk cows (including dry cows) in Idaho on January 1, 2019 at 614,000 head were up 14,000 head from a year ago while CA had 1.730 million cows, down 10,000 from the previous year. Milk cows in the U.S. totaled 9.353 million, down 1% from January 1, 2018.



Dairy Cattle Prices - At the Overland Stock Yard monthly heifer sale they sold 900 head. Overall quality was average with 60% going out-of-state. Holstein heifers from 300 to 600 pounds traded between \$0.80 to \$1.00 per pound with Jersey's the same weight averaging \$0.80 per pound. Holstein Springer heifers at Overland this week sold steady from \$900 to \$1,100 each. At the A&M Livestock Auction in Hanford, CA they sold 2,000 heifers at their monthly dairy heifer sale. Average to top quality heifers found good demand with 90% of the cattle going to out-of-State buyers. Holstein and Jersey heifers 300 to 400 lbs. averaged \$1.00 per pound; 500 to 600 lbs. \$0.90 per pound; 700 lb. Holstein heifers \$0.80 per pound. Holstein Springer heifers \$1,150 to \$1,200 each and a few Jersey's \$1,200 to \$1,250 each. Slaughter cow prices at Central CA auctions were steady to \$2 higher with Breaking and better Boning Utility dairy cows \$48 to \$55.

Dairy Product Prices - The dairy product markets and Class III milk futures are like the Kenny Chesney song "one step forward – two steps back." We see a few positives like the GDT auction in New Zealand this week with prices higher for the seventh straight auction and Australia milk production down 11% in January but there is other negative news that keeps pulling the markets down. USDA's Cold Storage report on Thursday showed more cheese and butter in cold storage than a year ago. So, on Thursday and Friday cheese prices on the CME dropped 4.5 to 8.5 cents with blocks at \$1.5350 on Friday and barrels at \$1.3650. Nonfat dry milk prices dropped 1 cent for the week while dry whey fell 2 cents. Butter prices closed down 2 cents. Weak U.S. dairy product exports in December did not help but some believe settlement of the trade war with China will help turn exports around. Class III futures April to Aug down 5 to 33 cents Fri.

Hay Exports - Hay and straw imports into Japan in January 2019 at 173,598 Metric Tons (MT) were up 18% from the 147,174 MT in January 2018. The monthly average hay & straw imports into Japan in 2018 were 164,127 MT. Timothy hay from the PNW saw the biggest percent increase of any hay/straw imports to Japan at 27,768 MT, up 53% from the 18,201 MT in January of last year. Alfalfa hay imports from the west coast at 38,923 MT were up 37% from a year ago. Australian oaten hay imports at 38,734 MT were up 18% from last year. Sudan hay from the west coast at 21,725 MT, unchanged from a year ago. Ryegrass straw from the PNW at 17,419 MT was up 24% and fescue at 5,005 MT was down 5% from January 2018. Canadian timothy hay at 8,121 MT was down 17% from a year ago. 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