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Western States Hay Market Analysis and Insights



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This week's Market Overview
 Alfalfa hay market steady in Central California in moderate demand. Rain damaged alfalfa hay prices steady. **(Sales in narrative of report fob stack for current movement unless specified otherwise, dollar per short ton)**

The weather finally improved this week, but alfalfa hay trading was still slow, mainly because of the large offering of hay rained on in the stack and windrow. Brokers waited for stack yards to dry and were trying to find buyers for rained on hay. Interest was good for grain hay that was baled and covered before the rains. Reports of some growers that had alfalfa hay down through all the rainstorms chopping and blowing the hay back into fields. Most growers resumed second cutting or started third on alfalfa hay by midweek. Contacts report most alfalfa currently being cut is at 40 days or older and test results are expected to be Fair to Good. Rain delayed choppers again, most expect to be done with wheat for silage this weekend or early next week.

In Kern County, **Dairy:** 75 tons Good alfalfa hay \$220 fob stack; 325 tons Fair alfalfa hay rained on in stack \$165 to \$170, 125 tons heavier rain damage \$150.

In Tulare, Kings and Fresno Counties, **Dairy:** 450 tons Supreme alfalfa hay \$245, 75 tons high Supreme \$255 fob stack, all covered before the

Market Indicators...	Unit	Most Recent	Week Ago	Year Ago
CA FMMO Uniform (blended) Milk Price-Tulare	Cwt. *	April \$15.54	Mar \$15.15	N/A
USDA Milk Mailbox Prices ** February 2019				
California (CDFA a year ago)	Cwt.	N/A	Jan N/A	\$14.31
New Mexico	Cwt.	\$14.05	Jan \$14.01	\$12.95
Oregon/Washington	Cwt.	\$16.59	Jan \$16.54	\$15.13
Class III Milk Futures –CME (June 2019)	Cwt.	\$16.20	\$16.31	\$16.79
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.	\$1.7150	\$1.6825	\$1.5975
Barrel Cheese	\$/Lbs.	\$1.5400	\$1.5800	\$1.5200
All Hay Exports From West Coast Ports (U.S. Census Bureau) Jan - Mar 2019				
California Ports	Metric	488,822		488,356
Washington Ports	Tons	440,234		443,065
Rolled Corn Dlvd to Magic Valley ID Dairies	\$/Ton	\$213	\$199	N/A
Rolled Corn Dlvd to Central CA Dairies	\$/Ton	\$218	\$200	\$198
No. 2 Yellow Corn – FOB Iowa (USDA)	\$/Ton	\$143-\$150	\$127-\$133	\$125-\$134
Ethanol Price – FOB Iowa (USDA)	\$/Gal	\$1.36-\$1.53	\$1.20-\$1.40	\$1.31-\$1.53
Crude Oil – New York Futures (July 2019)	\$/Barrel	\$53.50	\$58.63	\$65.81
Alfalfa Hay Prices – (The Hoyt Report)				
California – Dlvd to Tulare/Hanford Dairies				
	Tons			
Supreme	845	\$/Ton \$275-\$285	\$270-\$288	\$290-\$305
Premium		\$/Ton No Sales	\$255-\$270	\$270-\$290
Good	775	\$/Ton \$240-\$250	No Sales	\$260-\$270
Fair	385	\$/Ton \$220-\$230	\$220-\$225	\$225-\$240
Dlvd Escalon, Modesto, Turlock Dairies				
Supreme		\$/Ton No Sales	\$275-\$285	\$290-\$295
Premium	525	\$/Ton \$255-\$265	No Sales	\$270-\$285
Good	300	\$/Ton \$240-\$250	\$240-\$250	\$260-\$270
Fair	325	\$/Ton \$220-\$225	\$220	\$215-\$225
Idaho – Alfalfa Hay Big Bales, FOB Stack				
Supreme New Crop-Western ID	550	\$/Ton \$200-\$220	\$188-\$200	No Sales
Premium Old Crop	200	\$/Ton \$160	No Sales	No Sales
Good Old Crop Export	150	\$/Ton \$160	\$160	No Sales
Fair Old Crop	500	\$/Ton \$150	\$145-\$150	\$100
WA/OR (C. Basin) Alfalfa, FOB				
Prem/Sup big bale (Dairy) NC	2,025	\$/Ton \$220	No Sales	No Sales
Premium big bale (Export) NC		\$/Ton No Sales	No Sales	\$190-\$200
Good big bale (Export) NC		\$/Ton No Sales	No Sales	\$180-\$185
Fair/Good (Feedlot/Dairy) NC	1,055	\$/Ton \$180-\$185	No Sales	Fair- \$140

*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

rain; load Good alfalfa hay rained on in stack \$180; 425 tons Fair alfalfa hay rained on in windrow and stack \$130 to \$135. 1,000 tons Premium dryland beardless wheat hay big bales \$130, light rain on stack.

In Los Banos-Dos Palos and Merced, **Dairy:** Couple loads Supreme alfalfa hay \$250, baled before rain with minimal rain on stack; 50 tons Good alfalfa hay \$220 fob stack, 80 tons light rain in the windrow baled dry \$195; 135 tons Good alfalfa hay rained on in stack \$140 to \$155; 100 tons Fair alfalfa hay rained on in windrow and stack \$130; 500 tons Low quality alfalfa hay with heavy rain damage and high moisture \$90 to \$100. 700 tons Premium big bale beardless wheat hay \$130 to \$140, buyer can kick out rained on tops on \$140 hay, 925 tons baled before rain and put in barn \$145, short haul.

In the Imperial Valley, dairy and export alfalfa hay steady to \$5 lower on moderate to good demand. Few more export buyers in the alfalfa hay market this week. Demand for kleingrass for export was moderate with price steady to \$5 lower. First sale on sudan hay for export reported with no comparison to a year ago. Retail alfalfa hay steady to \$5 lower, retail bermuda hay steady. Better weather returned this week with favorable production conditions and a return to normal temperatures. New crop bermuda straw will be offered in the next couple of weeks. Contacts report sales on new crop sudan hay have been limited because exporters are uncertain of overseas demand and are interested in doing consignment deals which the growers have resisted. **Dairy:** 400 tons Premium alfalfa hay \$210 to \$215 fob stack; 850 tons Good big and small bale alfalfa hay \$195 to \$205, 400 tons low Good \$190. 300 tons big bale wheat straw \$105, going to Southern California dairy. 700 tons tarped winter crop big bale bermuda straw \$100 fob stack, 200 tons in barn \$105. **Export:** 8,060 tons Premium big bale alfalfa hay \$205 to \$220 fob stack, mostly \$210 to \$220, 900 tons Premium/Supreme alfalfa \$200 to \$205; 8,960 tons Good alfalfa hay \$185 to \$200. 1,660 tons Premium big bale bermuda hay \$160 to \$175 fob stack; 340 tons Fair small bale bermuda hay \$135 to \$140. 3,100 tons Premium big and small bale kleingrass hay \$175 to \$180, mostly \$180. 100 tons Premium small bale sudan hay \$193 fob stack. **Retail/Stable:** 700 tons Premium retail alfalfa hay \$225 to \$235; 250 tons Good retail alfalfa hay \$220; 150 tons high Premium stable alfalfa hay \$225; 150 tons Good stable alfalfa hay \$200. 200 tons Premium retail bermuda hay \$215 to \$220; 100 tons Good retail bermuda hay \$205; 225 tons Good stable bermuda hay \$180 fob stack.

In Blythe, compared to last week dairy and export alfalfa hay prices steady. Quality test results are dropping and more Good alfalfa hay being traded. Retail alfalfa hay steady to \$5 lower in moderate demand. First trade on new crop wheat straw with the price steady with a year ago **Dairy:** 1,465 tons Premium alfalfa hay \$210 to \$220 fob stack; 2,250 tons Good alfalfa hay \$190 to \$200. 3,000 tons new crop big bale wheat straw \$75 fob stack. **Export:** 450 tons Good big bale alfalfa hay \$195 to \$200. **Retail/Stable:** 1,200 tons Premium retail alfalfa hay \$225 to \$230, mostly \$230 fob stack, two loads with grass \$220. 225 tons Good stable alfalfa \$195 to \$200. 200 tons Premium retail bermuda hay \$215 to \$225.

In Tracy-Patterson, Modesto, Stockton, and Lodi, trading on alfalfa hay slow. In a limited comparison rain damaged alfalfa hay prices steady. Prices on beardless wheat hay steady. Retail alfalfa hay prices steady. **Dairy:** 825 tons Fair alfalfa hay rained on in windrow and stack \$120 to \$125 fob stack, 150 tons heavy rain damaged \$100. 250 tons Premium big bale beardless wheat hay \$150, couple loads rain damaged top bales \$140, 300 tons heavier stack damage with buyer to take all bales \$135. 970 tons Premium big bale 3-way grain hay in Tracy \$150, baled and tarped before the rain. **Retail: (Sales last week)** 180 tons old crop Premium alfalfa hay \$250 fob barn, 125 tons new crop \$220 fob stack. 75 tons Premium new crop retail beardless wheat hay \$160. 100 tons Premium retail oat hay \$160. 75 tons new crop Premium retail orchardgrass hay \$220 fob stack.

In the Sacramento Valley and Delta, trading on alfalfa hay very slow. In a limited comparison dairy alfalfa hay steady. Old and new crop retail alfalfa hay steady. Growers started cutting again by the middle of the week. **Dairy:** 100 tons Premium alfalfa hay \$230 fob stack; 345 tons Good alfalfa hay rained on in stack \$175 to \$180; 50 tons Low quality alfalfa hay with heavy rain damage \$120. **Retail: Old Crop:** 225 tons Premium retail alfalfa hay \$240 fob barn. Couple loads rice straw small bales \$3.50/bale fob barn. **Retail: New Crop:** 50 tons Premium retail orchardgrass/fescue hay \$240. 75 tons Premium retail oat hay \$160 fob stack. 200 tons Good retail 3-way grain hay rained on stack \$100.

In the Northern Mountains, daily rain through the end of the week slowed trading and prevented growers from cutting hay. No recent comparison on old crop dairy alfalfa hay. Old crop retail hay trading steady. Growers in lower elevation areas reported that with better weather coming they would start cutting Monday. **Dairy: Old Crop:** In the Northern CA Mountains, 200 tons Premium/Supreme alfalfa hay \$210 fob barn. **Retail: Old Crop:** In the Northern CA Mountains, 125 tons old crop Premium orchardgrass \$305 fob barn. 250 tons old crop Premium orchardgrass/alfalfa hay \$280 to \$295. 150 tons old crop Premium retail timothy hay \$340 fob barn

In Arizona, alfalfa hay prices steady to all outlets with good demand. Below average temperatures helped keep quality test results from dropping but triple digit heat is forecast for next week. **Dairy:** In Central AZ, 500 tons Good alfalfa hay \$200,

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300 tons with light weeds \$195, 1,800 tons \$215 delivered to local dairy; 700 tons low Good alfalfa hay \$180 fob stack. In Southwest AZ, 450 tons Good alfalfa hay \$195 fob stack; 300 tons rain damaged Fair alfalfa hay \$155. In Parker/Poston, 780 tons Good alfalfa hay \$200 fob stack, 300 tons weedy \$180. **Export:** In Central AZ, 1,750 tons Premium big bale alfalfa hay \$210 to \$215 fob stack; 3,650 tons Good big bale alfalfa hay \$205. In Parker/Poston, 200 tons Good/Premium big bale alfalfa hay \$195 fob stack; 800 tons Fair/Good big bale alfalfa hay \$180 to \$190. In Western AZ, 800 tons Good big bale alfalfa hay \$195 to \$200; 220 tons high Good retail weight alfalfa hay \$220 to go straight into container. **Retail:** In Parker/Poston, 200 tons Premium retail alfalfa hay \$235 fob stack. In Central AZ, 150 tons high Premium retail alfalfa hay \$285 fob barn; 500 tons Premium retail alfalfa hay \$260 to \$270 fob barn, some going to Texas, 475 ton \$225 to \$230 fob outside stack; 650 tons Good (#2) retail alfalfa hay \$215 to \$220 fob outside stack.

In Nevada, trading at a standstill as the rain continued through the end of the week. Afternoon thunderstorms prevented growers in Western NV from resuming cutting alfalfa hay. With the forecast for dryer weather growers from Western to Northern Nevada reported they will start cutting on Monday. **Dairy:** In Western NV, 400 tons new crop Supreme big bale alfalfa hay \$200 fob stack.

In Idaho, very slow hay trading with not enough sales on old and new crop alfalfa hay to test the market, limited sales steady. Another wheat straw contact reported in Southwest Idaho for local feedlot and dairy heifer lot. After two weeks of rain about every day, the forecast was for less chance of rain next week in Idaho. Many growers in Southern Idaho will cut first crop alfalfa in the coming week and are anxious to get going. Growers in Southwest Idaho trying to get heavy rain damaged alfalfa out of fields. Much of the hay that hasn't been cut in Southern Idaho will be Fair to Good export hay or feeder hay. One broker said best demand currently in Idaho is for 180 RFV and higher test alfalfa hay and wheat straw. Hail damaged some hay stands in Eastern Idaho last weekend. All sales on big bales. **Dairy:** In Western ID, 300 tons new crop high test Supreme alfalfa hay \$220 fob barn, 220 tons Supreme alfalfa \$200 fob barn, fast move to WA on both deals. In Southeast ID, 200 tons old crop low Premium alfalfa hay \$160 fob barn, current move to Magic Valley, 80 tons top tarped \$182 delivered to Magic Valley dairy. In Southern ID, sold two weeks ago, 4,000 tons new crop alfalfa green chop \$35 standing, based on 70% moisture, to local dairy. In South Central and Eastern ID, 450 tons tarped old crop Fair/Good alfalfa hay with faults \$150 fob, going to Magic Valley; 50 tons un-tarped old crop Fair alfalfa hay \$150, for feedlot. **Dairy/Feedlot: New Crop Contract:** In Southwest ID, 2,300 tons big bale wheat straw to go up in July and August \$60 fob stack, most for bedding for local dairy heifer lot and feedlot, fast move & pay when it goes up. **Export:** In Southwest ID, 250 tons new crop Premium/Supreme alfalfa hay sold early last week \$195 fob stack, fast move. In Eastern ID, 150 tons straw covered old crop Good export alfalfa hay \$160, fast move and pay.

In the Washington-Oregon Columbia Basin, hay trading very slow on new crop alfalfa. Not a good comparison with last week to test the trend, in a limited test prices steady. Swathing was in full swing on alfalfa hay in the Basin this week and swathing began on first cutting timothy. Forecast is for good haying weather the next 10 days. Not many alfalfa hay sales this week to export buyers as much of the available alfalfa hay would not work for export. Export contacts believe there will be alfalfa hay put up next week that should be export quality. The lower basin and Ellensburg received rain Tuesday night. All sales on big bales unless specified otherwise, prices fob wrapped stacks unless specified otherwise. **Dairy:** 2,025 tons top tarped new crop high Premium to Supreme alfalfa hay \$220 fob stack, current to extended move, one deal 90% paid up front; 688 tons high Good to Supreme alfalfa hay with higher moisture (17 to 19%) \$175, fast move; 1,055 tons Fair/Good alfalfa hay rained on but not heavy damage \$180 to \$185, fast move & pay, 150 tons going to Canada, 530 tons top tarped rained on for extended move \$182 fob. **Beef:** 500 tons Fair weedy alfalfa hay \$135 fob windrow, short haul. 250 tons Fair weedy alfalfa hay \$130 on the stump (standing), short haul. **Export:** 100 tons Premium alfalfa hay with a little high moisture \$190 fob stack, fast move & no tarp; 500 tons Good alfalfa hay with a little brown stem \$180, fast move & no tarp; 250 tons Fair export alfalfa hay with light rain and little bleach \$175 fob stack, fast move & pay, no tarp.

In Utah, hay trading at a standstill. Heavy rain Thursday and rain almost every day for the past two weeks has delayed new crop alfalfa hay production. It was the wettest May on record in Utah. The forecast is for better haying weather in the next 10 days and many growers will start cutting in the coming days. Some export interest but overall not much interest this week from export or dairy hay buyers with no contracts reported on alfalfa hay. **Retail:** In Southern UT, 100 tons old crop Premium retail alfalfa hay \$220 fob barn.

U.S- Mexico Trade Tariffs - President Trump announced Thursday his intention to put a 5% tariff on all Mexican goods coming to the U.S. President Trump is hoping this will encourage Mexico to stop the flow of illegal immigrants from Central America to the U.S. The tariff could rise to 25% if Trump deems the progress on stopping the immigrants is too slow. According to the Wall Street Journal, this could put the NAFTA replacement deal in jeopardy as President Trump has been working on getting the deal passed in Congress. The positive was the President of Mexico said he is not considering retaliatory tariffs and has ordered his Foreign Minister and a Mexican delegation to meet with U.S. Secretary

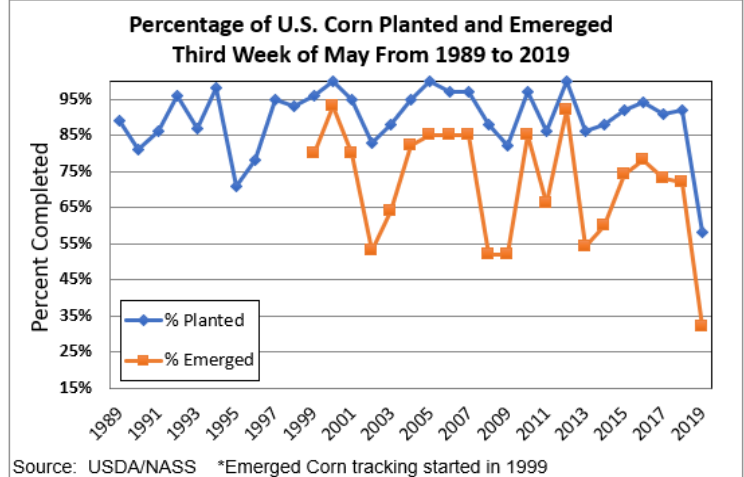
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of State Mike Pompeo in Washington, D.C. next Wednesday to head off a trade dispute

U.S. Corn Planting Progress Slowest on Record - An unusually wet spring across the Midwest has made corn planting

progress at the slowest pace since the USDA began tracking it in 1980. As of May 26th, only 58% of the 92.8 million corn acres had been planted. The 39-year average for this same week was 89%. The 32% emerged rate is also a historic low with the average for this week being 71%. States furthest behind include Ohio, Indiana, Illinois, Michigan, and South Dakota, ranging from 22% to 35% planted. These states account for 31% of total U.S. corn acres. This has given rise to concerns that some acres may go unplanted or the delayed planting and emergence will negatively impact yields. In response, corn prices have risen to levels not seen since 2014 with the July spot price on Friday closing at \$4.2700. The weather forecast calls for drier conditions the next two weeks, and hopefully, the Midwest farmers will be able to catch up. Soybean planting is historically behind as well at only 29% complete. The 5-year average is 66%. The Trump administration also announced Friday it would lift the ban on summer sales of ethanol. This is seen as a move to help farmers hurt by trade wars but this was not good news for Dairy and other livestock and poultry producers who are worried about higher corn prices.



\$16 Billion Aid Package – The National Alfalfa & Forage Alliance (NAFA) reported that the aid package of \$16 billion to farmers that President Trump announced this week due to the trade war with China will include alfalfa hay. More information can be obtained from your local FSA office.

Oil Prices- The July New York futures declined \$5.13/barrel this week and are off \$12.74/barrel from the high at the end of April. U.S. crude stocks are at their highest levels since July 2017 and are declining at a slower rate than analysts anticipated. According to the Wall Street Journal, analysts fear any economic slowdown in China from the trade war will hurt oil demand. The U.S. energy industry is also seen as the most likely to be hurt if there are new U.S. tariffs on Mexico.

Dairy Product Prices - There are some positives developing on the world dairy scene with milk production dropping substantially in New Zealand, Australia, and Canada. Milk production in New Zealand fell 7.7% in April following a 7.5% decline in March. In Australia, milk production declined 14% in April after a 10% drop in March, according to the Dairy & Food Market Analyst. Canadian milk production was down 4.3% in March and down 2.1% in the first quarter of 2019. Higher milk prices in New Zealand have encouraged dairy farmers to increase spending on feed, repairs, maintenance, and labor, according to RNZ News in New Zealand. Additionally, sharply higher corn prices will tend to hold down U.S. milk production, which already showed very little growth in the April milk production report. The biggest negative continues to be the trade war with China and how that has hurt dairy exports to China. While there is uncertainty on the tariff against Mexico announced by President Trump Thursday over immigration, the response from Mexico was to meet and talk. CME block cheese closed the week 3.25 cents higher than a week ago at \$1.7150 per pound. Barrel prices were down 4.0 cents from last week at \$1.5400. Nonfat dry milk on Friday at \$1.0550, was up a half-cent from last Friday. Butter prices dropped 2.75 cents from a week ago to \$2.3600, and Dry whey was down three-quarters of a cent to \$0.3525. Class III milk futures from June through Dec were up 11 to 21 cents from a week ago in a range of \$16.20 (June) to \$17.22 (Sept).

Dairy Cattle prices - At the Overland Stock Yard Thursday at the Holstein Video auction they sold 16,000 head. Demand was moderate to good with prices \$5 to \$10 lower than last month under pressure from escalating corn prices. Large Frame 3 Holstein steer calves, 325 lbs., for June delivery \$115 to \$121 cwt; few July calves \$108 to \$118; large number of calves for October delivery \$110 to \$118 cwt, all fob Central California calf lots. At Overland this week Holstein Springer heifers sold steady from \$1,200 to \$1,500, few to \$1,600 each. Slaughter cows at Overland and Turlock auctions sold weak to \$3 lower with Breaking and better Boning Utility dairy cows trading from \$60 to \$72 cwt. Overland Stock Yard will manage a dispersal auction at the MJD Jersey dairy in Custer, Washington on June 8 where they will sell 1,200 Jersey cows and 1,000 Springer heifers. Best Regards, Seth and 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