Hay Market Situation in Western States

Seth Hoyt, The Hoyt Report
Overview of 2013
Supreme Alfalfa Hay Prices in Southwest Idaho
New Crop in Late May 2009-2013

Source: The Hoyt Report
December 1 Hay Stocks 2012/2011 % Change

**Western States**: -15%

**Entire U.S.**: -16%

Source: USDA-NASS
May 1
Hay Stocks
2013/2012 % CHANGE

WA -22%
OR -16%
ID -19%
NV -41%
WA -34%
MT -45%
UT -50%
CO +57%
AZ +33%
NC -13%

Western States -26%
Entire U.S. -34%

Source: USDA-NASS
Alfalfa Hay Production 2013/2012 % CHANGE

Source: USDA-NASS
Alfalfa Hay Trucked Into California
1996-2013

Source: Seth Hoyt Estimate
California Milk Prices (2011-2013)
Milk Pooling - Statewide Overbase

Dollars per cwt

Jan  Feb  Mar  Apr  May  June  July  Aug  Sep  Oct  Nov  Dec

2011
2012
2013*
CA Overbase Milk Prices vs Milk Cost of Production*

Source: California Dept. of Food and Agriculture
*Milk cost of production numbers do not include cost for management or return on investment.
3rd Quarter 2013 Milk Cost Production Estimated
Number of Dairies in California (All Grades) from 2001 to 2013

Source: CDFA Milk and Dairy Foods Safety Branch
*Estimated
Delivered Prices to Tulare-Hanford Dairies
Supreme Alfalfa Hay vs Rolled Corn
November 2011 to November 2013

Sources: Rolled Corn - Western Milling, Alfalfa Hay - The Hoyt Report
Corn For Silage Acres, California
1997-2013

Source: USDA-NASS
Corn For Silage Acres, Idaho
1997-2013

Source: USDA-NASS
Oct Milk Production 2013/2012 % CHANGE

- WA: +2.3%
- OR: +0.5%
- ID: -2.7%
- NV: NA
- UT: +5.0%
- CO: +2.2%
- CA: +1.0%
- AZ: +4.1%
- NM: -0.6%

Western States: +0.6%
Entire U.S.: +1.0%

Source: USDA-NASS
October Milk Cow Numbers
2013/2012 % CHANGE

Western States: +0.4%

Entire U.S.: +0.1%

Source: USDA-NASS
CA Hay Balance Sheet – 2013

Hay Supplies (my estimates)

- Carry-in to 2013: 1,250,000 tons
- Alfalfa/other hay production: 8,174,000 tons
- Alfalfa hay in-shipments: 650,000 tons

Total Supplies - 10,074,000 tons
Hay Usage (my estimates)

Dairy cows 3,050,000 tons
Milk repl heifers +500 lbs. 625,000 tons
Milk repl heifers -500 lbs. 175,000 tons
Exports 1,750,000 tons
Horses 1,950,000 tons
Fed cattle 300,000 tons
Beef cows, background lots 600,000 tons
auction yards, Sheep, and others.

Total Usage - 8,450,000 tons
Dec. 1, 2013 CA Hay Stocks   - 1,624,000 tons (My Est.)

Dec. 1, 2012 CA Hay Stocks   - 1,900,000 tons (USDA)

Dec. 1, 2011 CA Hay Stocks   - 1,640,000 tons (USDA)
Hay Exports
West Coast Baled Hay Exports
February 2012 to October 2013

Source: U.S. Department of Commerce

CA Ports
WA & OR Ports
West Coast Alfalfa Hay Exports to the UAE
November 2011 through October 2013

Source: U.S. Dept. of Commerce
West Coast Alfalfa Hay Exports to China
2011-2012 & Jan-Oct 2013

Source: U.S. Dept. of Commerce
West Coast Sudan Hay Exports to Japan
January 2012 through October 2013

Source: Japanese Port Data
Australian Oaten Hay Exports to Japan
January 2012 through October 2013

Source: Japanese Port Data
Retail Hay
Premium Retail Orchardgrass Hay - Northern CA-S. OR Mountains, June - October, 2012 vs 2013

Source: The Hoyt Report
Outlook for 2014

- Alfalfa Hay Acres in CA & the West
  - Mixed with CA down a little but not in the southern desert and Arizona
  - Irrigation water supplies
  - Wheat and corn plantings will be down
  - Hay Carryover will be mixed
Export Hay Demand

• Export sources say alfalfa exports to China should be strong again in 2013
• It looks like a mixed bag on exports to other countries, UAE, Japan, etc.
• Look for CA ports to outpace the PNW in 2014 but not on the near term.
Dairy Demand and Hay Prices

• Early top quality alfalfa hay in the So. CA desert should find good demand
  ---Corn prices will hold a lid on hay prices in the west but another year of
  --Drought would be a market changer
  --Early Estimate on prices in the west
• Early Supreme alfalfa hay in central CA
February 2014 Class III Milk Futures Price
September 9, 2013 through December 11, 2013

Source: Chicago Mercantile Exchange
Merry Christmas and
the very best in 2014
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