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Fall Edition

ACX ADVISOR

Highlights:

- PNW export quality season has come to an end with four cuttings...
- PMW farmers hoping for one better cutting to end the season...
- PSW growers holding inventory for anticipated high prices...

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Pacific Northwest - PNW *Ellensburg Division Update*

End of Season for Export quality alfalfa in the PNW. All areas in the Columbia Basin and Washington state received season ending rainfall early this week. Cool temperatures combined with wet conditions will not allow anymore export products to be made in 2011. Hay remaining to be harvested will not be cured properly for export and will enter into U.S Domestic markets and be chopped and Bagged for Domestic Usage.



Yields were very light on our last cutting with average being about 1 ton per acre. About 40% of farmers in the Columbia basin were able to complete a 4th cutting which produced some very high test results; however, quantity is very limited.

Overall 2011 was below average quality in the Columbia Basin with most growers delayed at the beginning of the season. Growers stretched out the growing for each cutting, typically producing good quality testing alfalfa. It appears the overall yield numbers will be below normal. Final details from harvest are not yet published.

Most farmers are now concentrating on harvesting grain corn and finishing up what little alfalfa remains in the fields.

Milk prices have been decreasing over the past few weeks and the outlook for commodity futures has leveled off from the highs seen in recent months. Remaining hay continues to be aggressively pursued by both domestic and export markets. Milk production has risen substantially over the past few months and dairy exports remain strong.

Container availability and vessel space are still not a problem from the PNW. Container shortages in November are expected to be a possibility after peak import season in the US.

Weather is cooling down. The first snow was received in the mountains this week. It won't be long until we begin to see snow on the roads as a challenge to our shipments. Timely orders and advance planning will be help in shipping through the winter months.



Pacific Midwest - PMW

Stockton Division Update



The SJV alfalfa market is winding down; growers are storing alfalfa in areas where weather could damage the chance for a higher price. Rains this week covered most of California from ¼ inch to 1 inches. Unless the weather warms up next week, we could see the end of the season much sooner than expected.



Until now temperatures have been above normal but a front of cold air from the North has dropped in bringing the 80's to 60's in Central California and lower in the Northern parts. Snow levels are down to 6,000 ft.



Growers were hoping for one better cutting to cap a great year. Some stacks are testing early with 54 TDN numbers reported in some areas. One buyer said any dairy stack must also have a good dairy look before anyone will pay over \$300.00 delivered. Inventories are still low for export and domestic users; the outlook into 2012 is for more demand with a small increase in acres.

ACX is Ready



Sudan season could be over with the recent rains. El Centro to Sacramento CA all has received some rain. Farmers are finishing the last cutting in Central and Northern CA. Imperial Valley area is finished cutting with most going domestic to feed lots.

Sudan yields are down, on average 60 day cutting cycles opposed to 45 days. The domestic market remains steady for Sudan, wheat hay and straw. Japan buyers are reluctant to overstock after the 2009 season crippled both countries on Sudan and alfalfa. Japan is still discussing their purchases in an effort to get the lowest prices and best quality but overall export inventories will be less.



Rice harvesting has started in the Sacramento area. Rice straw contracts are expected to be popular due to the demand for lower cost feed. Straw bales are light in weight, which makes freight expensive from Sacramento to Tulare, Bakersfield, and Chino.



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Pacific Southwest - PSW

Wilmington Division Update

With the beginning of October, most growers are winding down their harvest for the year. The past 10 days have brought a large amount of perception to the Western states, diminishing the quality of many later cuttings.

The upcoming weather pattern may show some relief in the Pacific Southwest in particular. This may allow for harvesting of Alfalfa through October and into early November. Overall, the quality has improved on the last portion of the alfalfa harvest as stands recover from summer heat and grass stress.

Throughout the entire harvest season, the market for alfalfa and other grass forages remained very strong with historic high prices. There is still speculation and concern with the volatility of commodities such as corn and wheat, along with the domestic Class III milk prices.



Some farmers are holding inventory in anticipation of strong winter storage prices; however, as a whole it is generally assumed that West Coast alfalfa inventories remain low.

Several factors will determine the market for the winter months and into the 2012 harvest. Some of the main factors include Midwest drought conditions, inventory levels into the new harvest, available cash for purchases from domestic and export buyers, price levels of competing commodities, and the overall US and global economic situation.

Inland freight and Ocean freight continue to be a challenge into the fourth quarter. Despite lower oil prices, and near historic low ocean freight rates, there are undertones of capacity and equipment shortages. Although a fairly common occurrence during the fall, many carriers are using these factors as an advantage to recover from very low market rates.

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Weather Update

The below is a weather forecast for the primary growing regions of the Western 11 states. Please visit the weather section at acxpacific.com for more information.

Date	PNW – Ellensburg Area				PMW – San Joaquin Valley				PSW – Imperial Valley			
	Cond	High	Low	Rain	Cond	High	Low	Rain	Cond	High	Low	Rain
11 Oct		17	5	30%		26	15	0%		33	19	0%
12 Oct		17	3	20%		28	15	0%		38	19	0%
13 Oct		18	6	0%		32	17	0%		38	19	0%
14 Oct		14	4	20%		33	17	0%		38	19	0%
15 Oct		12	3	20%		29	15	0%		37	18	0%
16 Oct		13	4	0%		27	13	0%		34	16	0%
17 Oct		16	4	0%		26	11	0%		34	17	0%
18 Oct		16	5	0%		27	11	0%		34	17	0%
19 Oct		17	5	30%		26	12	0%		33	17	0%
20 Oct		15	6	20%		26	16	0%		33	16	0%

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- Steamship Line
- Vessel
- ETD and ETA
- Container numbers
- Seal numbers
- Pictures of your product
- Other Information

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INTL IMPORT COMPANY			
1OUS540 Reference or LC #	2009-06-24 Booking Date	0001208888 Invoice Number	
2ND CUT PREMIUM DAIRY ALFALFA Product	US \$340.00 Price	ELLENSBURG, WA ACX Facility	
20 Containers Ordered	20 Containers Shipped	40HC Containers Type	
Shanghai Destination Port	COSCO Steamship Line	SHANGHAI EXPRESS Vessel Name	
2009-06-30 Cut-Off Date	2009-07-02 ETD	2009-08-30 ETA	
Document Package: 			
DFSU602789-3 Container Number	9406099 Seal Number	58 Number of Bales	57,920 / 26.27 MT Net Weight
			

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