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Winter Edition

ACX ADVISOR

Highlights:

- PNW 2012 alfalfa fields starting to grow...
- California farmers beginning to harvest...
- PSW 1st cutting successful so far...

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Pacific Northwest - PNW Ellensburg Division Update

PNW fields are looking very good and starting to grow. Farmers have mostly completed fertilization and spraying and are now irrigating the 2012 crop. The weather has been cool so far with no exceptionally warm growing days.

Early predictions are alfalfa cutting will begin in the southern Columbia Basin around the middle of May. The northern basin should see first cutting by late May, but warmer weather could certainly advance the cutting schedule.

Washington acreage is expected to increase by 3%. Additionally, we are hopeful we will see better yields in 2012 than 2011.

Hay inventory from Washington has cleaned up well with most farmers sold out. Exporters still have carryover inventory and continue marketing 2011 crop. Some overseas markets have turned their attention to PSW new crop hoping for better pricing and fresh new crop quality.

US dairy prices are below the highs seen last year and dairies are not expected to be as aggressive as last year in securing feed.

Lower beef cow numbers combined with changes in US consumer preferences has put upward pressure on US beef prices.

With current low hay inventories, we could see aggressive purchasing on first cutting alfalfa.

Vessel Space and Container availability remain acceptable with rates largely stable over the past year. Vessel capacity continues to increase from the PNW and it is our hope that it will keep up with the current growth in agricultural exports.



Pacific Midwest - PMW

Stockton Division Update

With the end of March and a very mild winter and good harvest conditions, the PSW 1st cutting harvest has been successful. Many growers report average or above average yields for the 1st cutting, which is a welcome note for an anxious market.

Quality has been very good, with domestic dairies purchasing on a need by need basis. Many domestic buyers are still troubled by tight credit lines and unprofitable milk costs. Although it is still early in the season, many buyers are confident in softening prices from the historic highs of 2011.

Given a relatively mild winter in terms of temperature and precipitation, some late storms have brought much needed snow-pack to the Sierra Nevada mountains and other parts of the West Coast. This has relieved some water worries for this season that otherwise would have been much more dramatic.

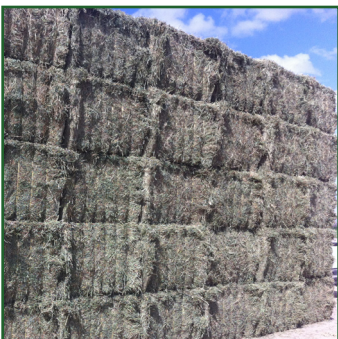
However, there is still a need for additional precipitation and snow-pack although we are coming to an end to the historical time for mountain snow. Texas is also reporting major relief to some of the worst drought areas from the past few years which will also help soften price speculation and possible demand.

With a good start to this season, we hope to see these trends continue and a healthier, more historical normal market in the 2012 season.

ACX will continue our strategy to provide value-added, niche products to all of our buyers around the world.



ACX is Ready



Pacific Southwest - PSW

Wilmington Division Update

Weather continues to be the main news and issue in Northern Nevada and California with intermittent sun and storms preventing any hay harvesting. With the delayed harvest in California, hay prices remain high in Nevada.

California farmers are beginning to harvest this week. Nevada farmers are dragging fields and starting to irrigate. Water is still a concern in most of Western Nevada, due to the poor snowpack.

Dairies and ranchers are running short of feed and having to buy hay. Growers are worried about lack of dairy money and requesting deposits from dairies. Dairies are, in effect, being penalized for over-producing and dumping excess milk in recent weeks.



Sudan planting will start next week once fields are dry enough for equipment. Growers are running out of options for summer crops and may switch to Sudan instead of cotton if weather stays cool.

Irrigated oats were planted by a few more growers this year. Dryland oats in the Northern CA area look very promising in the Delta area. Some growers are looking at big bale corn stalk and wheat straw to supply dairies in place of more expensive dryland crops.

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
13 Apr		18	2	0%		14	7	80%		24	9	10%
14 Apr		18	3	10%		16	8	20%		21	9	0%
15 Apr		20	7	10%		23	11	0%		27	12	0%
16 Apr		17	6	30%		26	12	10%		30	14	0%
17 Apr		16	6	10%		27	13	0%		32	16	0%
18 Apr		16	4	30%		26	13	10%		34	17	0%
19 Apr		14	4	10%		26	12	10%		34	16	0%
20 Apr		14	4	30%		26	13	0%		33	16	0%
21 Apr		15	4	30%		29	13	0%		34	16	0%
22 Apr		16	6	0%		31	12	0%		35	15	0%

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The major U.S. West Coast steamship lines succeeded in a General Rate Increase and bunker fuel increase effective 1 April 2012. The California GRI averaged \$50 while the Seattle / Tacoma GRI averaged \$100. The bunker fuel rate increased by \$38 across the board.



Even though the rate hikes stuck, carriers are still not on solid financial ground. Many steamship lines are intent to raise rates again over the summer months to restore themselves to positive territory. Most carriers reported financial losses in 2011.

Additional vessel capacity will come online in the next few months. New, bigger ships and reintroduction of idled ships will likely mitigate any planned summer rate hikes. No one knows for certain what will happen, but such carrier actions could affect their own profitability.

Import trade is down over 3% in the first part of 2012. Specifically, furniture imports are down 14%; toys down 20%; and shoes are down 15%. The downward trend seems to be a result of rising production costs in China and U.S. economic uncertainty.

However, China is expected to become a larger trading partner with the U.S., especially with regard to agricultural products. The U.S. exported over \$100 billion to China in 2012 including over \$14 billion in agriculture.

Whitehouse.gov reports U.S. exports increased by 16% in 2011 with a dollar value of over \$2 trillion. The US Department of Commerce also reports about 1.2 million American jobs have been created in the export industry since 2009.

ACX

for three generations ~ for ages to come