

February 2011
Volume 4 Issue 1

Winter Edition

ACX ADVISOR

Pacific Northwest - PNW *Ellensburg Division Update*

Highlights:

- Timothy acres expected to increase 15% with alfalfa acres down 15%...
- Forage supplies on the West Coast continue to shorten...
- Strong milk prices on the rise...

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Columbia Basin farmers are nearly sold out of old crop. Farmers have enjoyed good demand from feed lot, export, and dairy buyers. In previous years there was carry-over inventory on farm, but we do not expect any carry-over inventory for 2011.

For many farmers, damage to stored hay has been severe. Most of the damage is due to the very wet winter and inadequately protected hay stacks in the countryside.

Remaining hay stocks are in strong hands. Most exporters are reporting all inventory sold out to overseas buyers.

All markets have been actively shipping and purchasing any remaining inventory.

Corn and Grain pricing continues climb upward. As a result, there is continuous discussion among farmers that alfalfa acres will be reduced by 15% in 2011.

Milk prices have risen rapidly from relatively low prices just a month ago. Dairies in the US are still not yet in a strong financial position to make aggressive hay purchases. If milk prices remain high and the financial position of dairies improves, we could see dairies becoming more assertive in hay purchasing.

Timothy acres are estimated to be increase by 15%. Worldwide demand and disappointing Canadian crops have created a situation the last 2 years where there has been more demand for Timothy products than there has been production.



Westbound Ocean Freight rates have remained relatively stable for the past six months. Shipping lines continue to state that there is not enough export vessel space to meet demand and new lines of service have been announced to come online this spring and summer.

ACX is working very hard with our base farmers during the winter months to secure adequate supply of both Alfalfa and Timothy in the coming year. Please continue to communicate your needs for 2011.

Pacific Midwest - PMW

Wasco Division Update



ACX is Ready



Early spring weather has alfalfa buyers in California cautious about the future for reasonable priced alfalfa. Lower than normal inventories at the dairies are keeping demand up for even the lowest quality new crop alfalfa clippings.

With strong milk prices on the rise, some hay brokers are feeling California dairies may see less red ink in 2011. It is reported that milk futures could be at \$18.00 per cwt (100lbs) but feed prices are still far above where most dairies need them.

With the expectation that Roundup Ready alfalfa seed will be available for planting, many buyers and growers are having reservations about planting for fear of a market meltdown from end users. Some countries have not approved GMO alfalfa even though many other genetically modified crops like corn and soy beans are already on the market.

Temperatures in January have been in the high 60's and low 70's in the Central Valley. Very cold morning lows around the middle 20's from the North may cause frost damage and also bring plants into dormancy. This would slow down production for fields effected and hurt the quality for export buyers.

No one is talking about Sudan grass because there is so much current focus on alfalfa. Many overseas buyers are concerned about the flooding in Australia—premium quality oat hay has Sudan prices looking attractive. Buyers will be interested until the fall when new crop oat hay is harvested.

New markets are beginning to open for U.S. forage and roughage products. This could put a strain on supplies this summer when more farms planted wheat. There are several crops competing for land now because wheat and cotton prices are at record levels.

Dryland oat planting is not finished due to heavy rains in the hills. A large oat hay grower reported the quality this year looks very good, but more timely rains are needed to finish the new season. The seed production was plentiful last year, so farmers should keep acres increasing along with demand.



Pacific Southwest - PSW

Wilmington Division Update

As we enter the month of February, there are very bullish commodity trends occurring along the entire Western US. Many growers and buyers are speculative and uncertain given so much volatility in the market and in the world.

Forage supplies on the West Coast continue to shorten. However, some farmers in Nevada, Utah, and Idaho are slowly releasing inventory as a hedge before the new harvest is in full swing in the southern growing region.

As for the weather outlook, there is above average precipitation translating into warmer flooding or melt. We will see a more average trend unless more moisture comes before the spring. Still, water and snow-pack levels do remain healthier than the past few years, which are especially good for farmers in Nevada, California, and Arizona.

In Imperial Valley and West/Central Arizona, many farmers are already harvesting the first clippings of the new crop. Quality is mediocre and prices are varied greatly depending on location and feed panel tests. Unfortunately, there is a winter freeze occurring the next few days that will greatly stunt what was a healthy Alfalfa crop.



The remaining areas continue to wait out the unpredictable winter, with most price indications purely hyper and speculative at this point.

Many forage importers around the world remain conservative on their positions, although demand is steady into the new year.

ACX continually evaluates and reacts to the changes in the marketplace. Our supply chain is well suited to respond to the constant changes; however, we remain responsible in our approach as to avoid huge swings and volatility similar to recent years.

ACX believes that the best value and quality for our customers, company, and suppliers is consistent, healthy profit and value-added supply for years to come as opposed to having a sole focus on today's challenges.

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	Wind	Cond	High	Low	Rain	Wind	Cond	High	Low	Rain	Wind
Feb 6	WINDY	5	3	20%	W-NW 43km/h		19	7	0%	E 6km/h		25	6	0%	NW 5km/h
Feb 7	WINDY	9	-2	20%	W-NW 39km/h		20	6	0%	W 13km/h		26	8	0%	SE 5km/h
Feb 8		4	-4	10%	NE 18km/h		15	3	0%	W-NW 8km/h		23	3	0%	N-NW 19km/h
Feb 9		4	-3	0%	SW 6km/h		18	4	0%	E 8km/h		21	2	0%	N 13km/h
Feb 10		7	-1	10%	SW 5km/h		18	4	0%	E 6km/h		22	2	0%	N-NW 13km/h
Feb 11		7	2	20%	SW 8km/h		20	6	0%	S 5km/h		24	2	0%	N-NW 6km/h
Feb 12		7	-1	30%	SW 11km/h		18	6	10%	S-SW 8km/h		26	5	0%	SW 6km/h
Feb 13		6	-1	30%	W-SW 11km/h		14	4	30%	S-SW 8km/h		24	6	0%	W-SW 13km/h
Feb 14		6	0	30%	SW 6km/h		16	5	60%	SW 6km/h		24	5	0%	W-SW 10km/h
Feb 15		6	1	20%	SE 6km/h		18	6	0%	S 8km/h		24	7	0%	SW 6km/h



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

Your comments and suggestions for the LogistACX system are always welcome. Please send your emails to gregdewitt@acxpacific.com.

As always, our goal at ACX is to create the best agribusiness possible that supplies the highest value of forage and roughage products and services worldwide.

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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



for three generations ~ for ages to come

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