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Spring Edition

ACX ADVISOR

Highlights:

- PNW 20-25% first cutting rained-on or over-mature hay...
- PMW fourth cutting alfalfa and early Sudangrass underway...
- PSW Sudangrass in full harvest; alfalfa market softening...

Contents:

ACX PNW	1
ACX PMW	2
ACX PSW	3

Pacific Northwest - PNW Ellensburg Division Update

PNW weather is unseasonably cool and wet. Approximately 75-80% of first cutting alfalfa is completed with 20-25% remaining to be completed. Most of this alfalfa will either be rained-on or extremely over-mature.

First cutting alfalfa quality ranges from very nice to inconsistent for about 70% of the harvest. Overall, harvest conditions for 2012 are better than we have seen since 2009; however, product with ideal leaf retention and leaf-attachment will be difficult purchase in large quantities due to baling conditions.

The PNW market has been active with pricing similar to 2011. Product has largely been sold or transported at time of harvest with countryside stocks remaining low. Alfalfa growers with older stands are plowing out and moving to beans. We anticipate decreased acres after first cutting.

Second cutting alfalfa growth is also slowed by the cool temperatures. Warmer weather is in the forecast for next week and with that we expect good growth of the second cutting crop.

Some growers were anticipating cutting Timothy hay the first week of June. However, weather has delayed cutting until the week of June 11th.

Despite increasing differences in Ocean Freight, we still see strong demand for higher-end alfalfa not available from other U.S. growing regions.

Container availability and vessel space are adequate and they are not hindering our daily operations. In recent months, several steamship lines have expanded service and we expect more shipping options from the PNW in the near future.

US Milk Prices have improved in recent weeks even though dairies have not been as aggressive to purchase alfalfa as last year.

We welcome all customers to visit in the summer months. Our schedule for July is filling up so please let us know of your plans as soon as possible so we can make arrangements.



Pacific Midwest - PMW

Stockton Division Update



Temperatures in the Pacific Midwest region including the San Joaquin Valley have varied from 70's to 100's. Harvest operations will continue to remain on schedule for the 2012 season.



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ACX is Ready



Fourth cutting is currently underway with time between cuttings averaging about 35 days. Color is fair but texture is poor. Prices are lower for poor quality hay with hard texture and some farmers are stacking and storing their third cutting.

Dairy hay brokers are trying to sell at high prices, but growers believe the export market will buy their hay if the dairies won't!

The early planted Sudangrass fields are being cut now. Sudan quality looks light with broad leaf. Many growers still want to plant Sudan in the SJV which will offset the 8% reduction of acreage in the Imperial Valley.



Oat hay harvest is almost complete in the SJV and Northern California. Quality is mostly average with 3 to 4 ton yields on most irrigated fields. Dryland oat hay cutting is completed. Dryland quality in 2012 was very good with high prices compared to irrigated oats.

Wheat straw harvest has not started in the Central Valley of California because it is still too early. There is some fair quality wheat straw available in the PSW, but prices are very strong relative to the fair quality.



Pacific Southwest - PSW

Wilmington Division Update

With prolonged dry and hot temperatures in the PSW, farmers continue to see good yield for most forage crops, especially alfalfa.

Most farmers attribute these warm, dry days to the transition from La Nina to El Nino oscillation patterns. Some meteorologists anticipate a wet summer or Autumn in the lower desert region if this transition concludes by mid-summer.

Sudan grass is in full harvest now, particularly in the Imperial Valley. Most quality has been good, and conditions are expected to remain dry and warm in the extended forecast.



Prices of Alfalfa have softened considerably from this same time in 2011, mostly due to weak dairy demand and some improvement in production. However, prices are still historically high. Most in the market anticipate summer hay to continue to decrease in price along with the decrease in quality.

The alfalfa harvest in Utah and some areas of Idaho is beginning. Rains in the northern part of Utah have impacted some of the first cutting quality, and delayed the last portion of first cutting.

Windy and dry weather have made for good color in Central and Southern Utah, but also some shattered leaf and hard texture. There is some weak to moderate domestic dairy activity on this product, but it is very early to have an established market at this time.

Most dairies are selective in their purchases, limited to high quality alfalfa; otherwise, dairies are more inclined to fill their ration with lower quality forage and roughage. Most dairy buyers are not interested in heavy milk production, particularly in California, because of over quota penalties and tight cash flow.

Overall, the West Coast forage market is still somewhat mixed, with many anticipating how other commodities will price and harvest, such as corn and wheat. There are some variables in this season that will impact the future pricing and inventory situation, but may not be realized until late third quarter, or even winter.

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
08 Jun		16	7	20%		29	14	0%		38	22	0%
09 Jun		18	9	10%		29	16	0%		39	19	0%
10 Jun		23	10	20%		33	19	0%		38	21	0%
11 Jun		27	14	0%		37	20	0%		40	23	0%
12 Jun		26	13	10%		38	21	0%		42	23	0%
13 Jun		24	11	0%		38	21	0%		43	24	0%
14 Jun		22	10	0%		35	19	0%		42	22	0%
15 Jun		22	10	10%		33	18	0%		41	21	0%
16 Jun		22	12	20%		33	16	0%		39	21	0%
17 Jun		24	13	0%		31	21	0%		37	22	0%

ACX Among Top 100 Exporters

Bakersfield, CA, June 6, 2012: ACX Pacific Northwest, Inc. the leading U.S. exporter of forage and roughage products was named among the Top 100 Exporters for 2011 by the Journal of Commerce (JOC) for the second consecutive year.

ACX was listed as number 34 overall for every commodity group, number 3 in the animal feed category, and number 1 specifically for forage and roughage exports. ACX exported 36,900 TEU's or Twenty-Foot Equivalent Units (containers) in 2011. This number does not include sales by ACX to other companies who export under different names.

ACX is a third generation exporter of long fiber animal feed such as alfalfa hay, Timothy hay, Sudangrass, oat hay, and other grass hay and straw products. Headquartered in Bakersfield, CA, ACX hay processing facilities are located in Ellensburg, WA; Stockton, CA; and Wilmington, CA serving all major U.S. West Coast ports including Seattle, Tacoma, Oakland, Long Beach, and Los Angeles.

Hay products are purchased directly from family owned and operated farms as well as corporate farms in California, Washington, Oregon, Idaho, Utah, Nevada, Arizona, Montana, Wyoming, Colorado, and New Mexico then trucked into ACX facilities for processing, packaging, and export in sea containers to such countries as China, Japan, Korea, and the United Arab Emirates.

Michael N. Gombos, Chief Marketing Officer for ACX, credits U.S. farmers for supporting ACX since the company was founded in 1978. "Without the long-term business relationships of countless farmers in the Western United States, some for more than 30 years, our globally recognized hay supply chain would not be possible," said Gombos.

"Our customers are equally as important," Gombos said, "They recognize our commitment to only export high-quality, safe feed according to their high standards. We continuously strive to innovate and add value for each individual customer. All of this has increased global demand for ACX hay products."

The JOC recognition of ACX in their annual Top 100 Exporters list comes on the heels of ACX's recent Presidential "E" Award in which ACX was honored by Department of Commerce Secretary, John Bryson, at a White House ceremony in May. The "E" Award recognizes U.S. companies who make significant contributions to exports as a whole.

ACX
for three generations ~ for ages to come

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