

ACX

advisor

for three generations ~ for ages to come



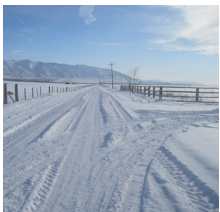
Winter Edition



Ellensburg Division - PNW

Winter conditions have arrived in Ellensburg and the PNW. Snow has covered the ground in the Columbia Basin and Ellensburg area since end of December. Snow pack is average and there are no concerning issues with having enough precipitation for the year ahead.

During winter, proper planning and early order placing is essential to maintaining on time shipments. Road conditions can change from hour to hour, and getting into stacks stored in the countryside can be challenging. We ask all of our valued customers to please do their best in planning ahead so on-time schedules can continue to be made.



Hay movement continues to be as-expected with increased shipments of grass hay and straw and average shipments of alfalfa. Domestic users continue purchasing on an as-needed basis from farmers. Most exporters are focusing on moving the products purchased in season and have not been actively purchasing any new stocks in the PNW.

Early estimates for 2013 are that Alfalfa hay acres will be slightly reduced by as much as 3%. Timothy hay acres will be slightly increased by about 5%. The success of these plantings is not yet known due to some late planting. We will be waiting until spring to further evaluate all late plantings.

Recent currency movements in some markets have brought about the possibility of more hesitant buying. Grass hays remain in a considerably short position but could have implications for 2013 harvest.

Highlights

2013 alfalfa acres down, timothy acres up...

Cold, wet weather is the story in the west...

ACX well-positioned to meet customer demands...



Ellensburg Division - PNW

There has been recent uncertainty and inconsistent container movements due to the previous possibility of a strike in January. We are optimistic that the dispute can be settled without a strike, but many uncertainties remain with the possibility of a February strike if negotiations are unsuccessful.

Stockton Division - PMW

In California and Nevada, the main story is cold, wet weather. The snowpack and precipitation levels are slightly above seasonal averages and this is causing some optimism in the farming community.



Snow surveyors reported water content in California's mountain snowpack is well above average. In most areas, electronic readings indicate water content is above 130% of normal.

With the outlook for a good water year, growers are anticipating good harvests. The only downside is the below normal temperatures with lows from 0 to -20 in Northern Nevada.

SJV alfalfa production has come to an end. Current sales of high test dairy alfalfa remain strong while sales of non-test clean, green, summer hay is slow. Alfalfa acres for 2013 are expected to remain the same for California and Nevada.



While field conditions are excellent, some growers were not able to plant dryland oats and winter wheat due to the wet weather. The availability of dryland oats will depend upon late spring precipitation.

Sudan farmers are interested in planting now due to expectations of a good water year. However, some farmers are being cautious to see what really happens with water in the Pacific Midwest region.

Wilmington Division - PSW

Outbound container availability has been restored to normal following work stoppages and slow-downs related to the holidays and the December strike. Holidays during mid-week periods create additional sluggishness in the movement of containers from the ports.

Utah and Idaho alfalfa this year has been high color and high RFV. ACX Wilmington continues to move this product in steady volumes for processing and export.

In Nevada, ACX has a good presence and has been successful in finding good quality product at reasonable trade for the growers. We are currently moving product from Nevada in steady volumes.

In Arizona, export quality alfalfa continues to be in short supply as most growers have fully committed their remaining inventories. Local dairy demand continues to be soft. We do not anticipate much additional alfalfa to be added to export inventories going forward.

In the Imperial Valley ACX has acquired Alfalfa Hay and Sudangrass in ample quantities to meet demand for the remainder of the crop year. Any remaining unclaimed product is typically off-grade or otherwise undesirable.

Generally, harvest of alfalfa and other products is at a standstill during the winter months. ACX has acquired product in varying grades and quantities to meet the demands of customers in all overseas markets.

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