



Idaho/Eastern Oregon Winter Seed School
2017-18 Seed Market Update
Doug Gross, Manufacturing Leader



Alfalfa and Forage Excellence

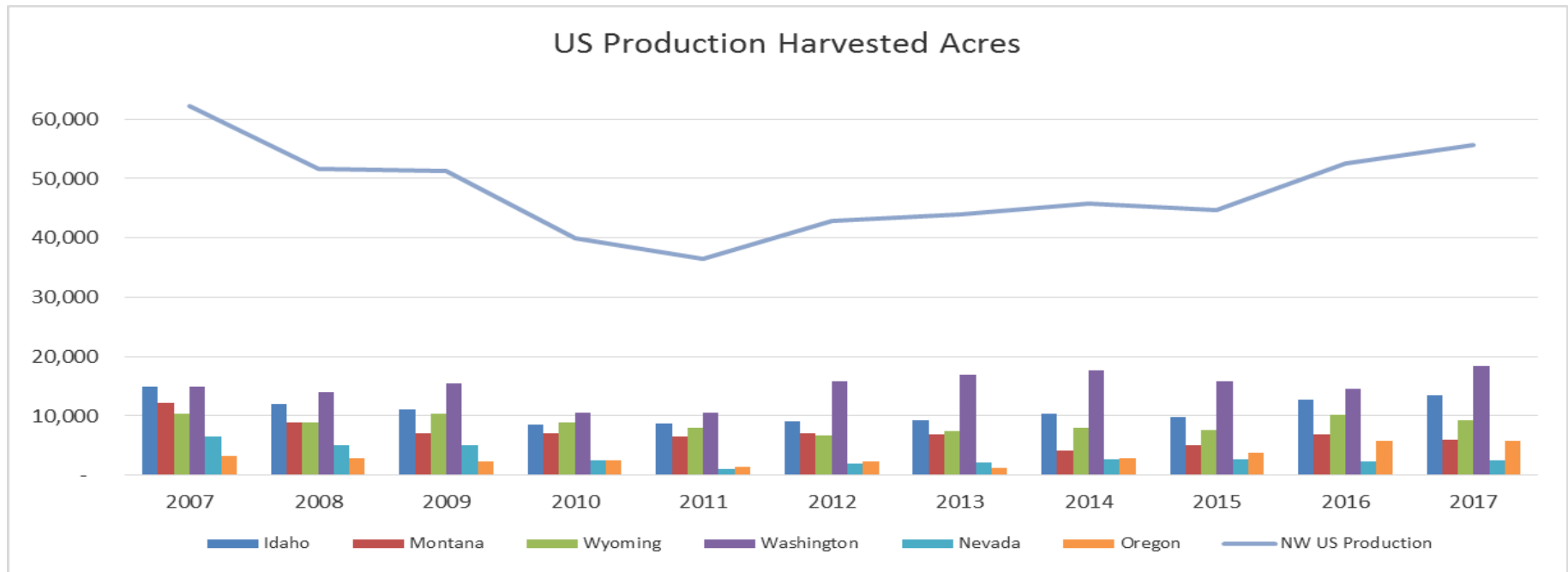


- Market update
 - US alfalfa seed production trends
 - N. America alfalfa seed production trends
 - US market trends and effects on production
 - International market trends
 - Red clover update
 - Alfalfa production future
- Questions

Alfalfa Seed Production Update

US Alfalfa Seed Production Trends

- Alfalfa seed production has cycled from a high in 2007 to a low in 2011 and I believe peaked in 2017 over the past 10 years



Alfalfa Seed Production Update

North American Dormant Production Trends

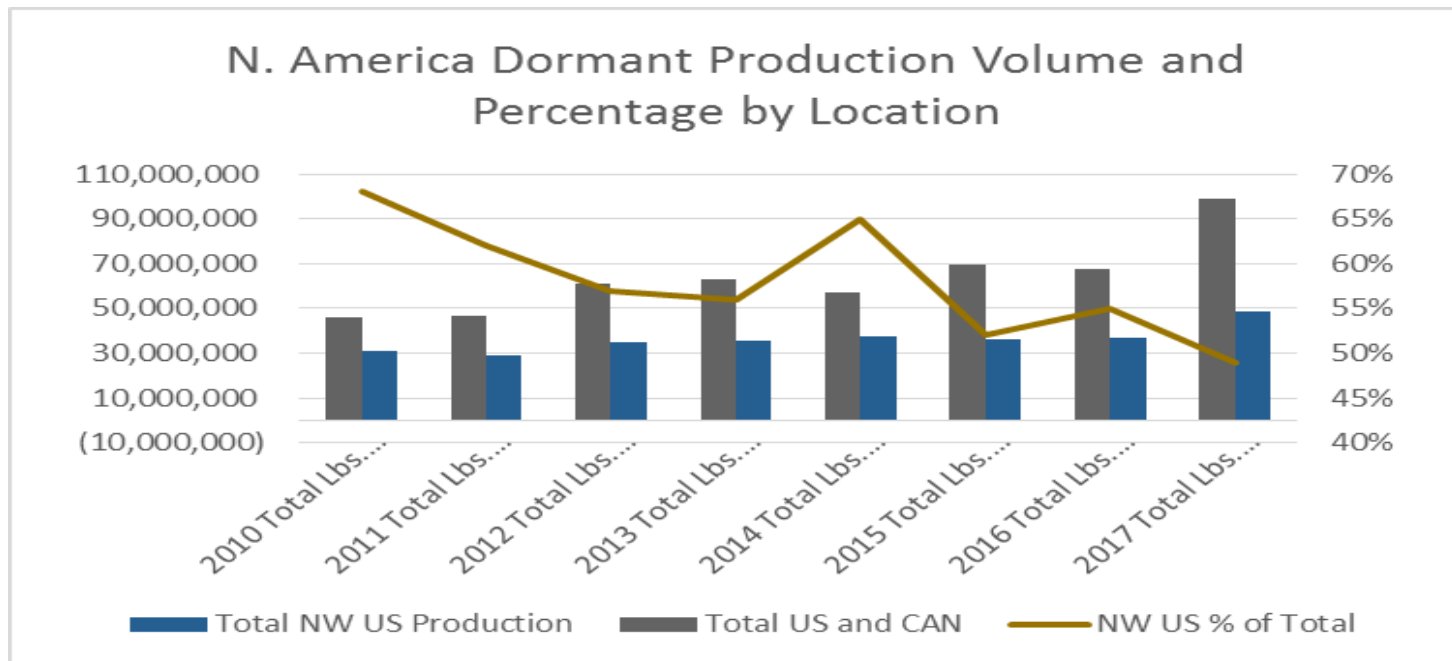
- 2017 Alfalfa seed production increased by 150% over the average total annual volumes of 60-65MM lbs as well there is a shift of more crop moving to Canada by 20%

	Total Canada	NW US Production	Total US and CAN	Est. Total Canada Production to Total US and CAN	Est. Total Alberta Production to Total US and CAN
2017 Certified Acres	81,573	55,700	137,273		
2017 Common Acres (Estimated)	20,100	9,992	30,092		
2017 Total Acres (Estimated)	101,673	65,692	167,365		
2017 Total Lbs. (Estimated)	50,356,000	48,379,290	98,735,290	51%	34%
2016 Certified Acres	81,260	52,850	134,110		
2016 Common Acres (Estimated)	20,000	10,648	30,648		
2016 Total Acres (Estimated)	101,260	63,498	164,758		
2016 Total Lbs. (Estimated)	30,733,000	37,058,820	67,791,820	45%	34%
2015 Certified Acres	69,967	44,724	114,691		
2015 Common Acres (Estimated)	36,900	5,400	42,300		
2015 Total Acres (Estimated)	106,867	50,124	156,991		
2015 Total Lbs. (Estimated)	32,900,000	36,295,500	69,195,500	48%	32%
2014 Certified Acres	56,319	45,781	102,100		
2014 Common Acres (Estimated)	32,500	5,400	37,900		
2014 Total Acres (Estimated)	88,819	51,181	140,000		
2014 Total Lbs. (Estimated)	20,000,000	37,367,500	57,367,500	35%	23%

Alfalfa Seed Production Update

North American Dormant Production Trends

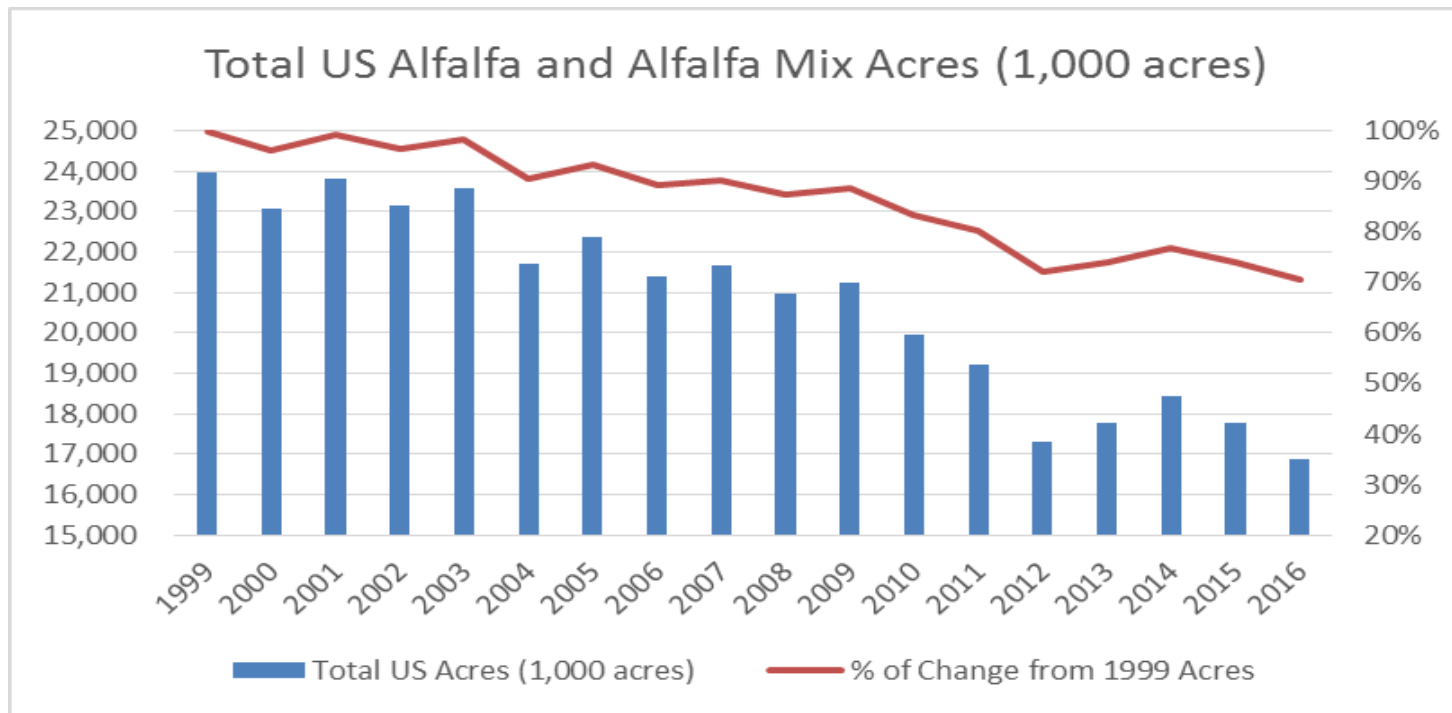
- US production is now 48% of the total Dormant production in North America compared to previous years of 70% plus.
 - **Major shifts are due to cost of US production and demand to meet non-detect APS needs**



Alfalfa Seed Demand Update

US Forage Demand Trends

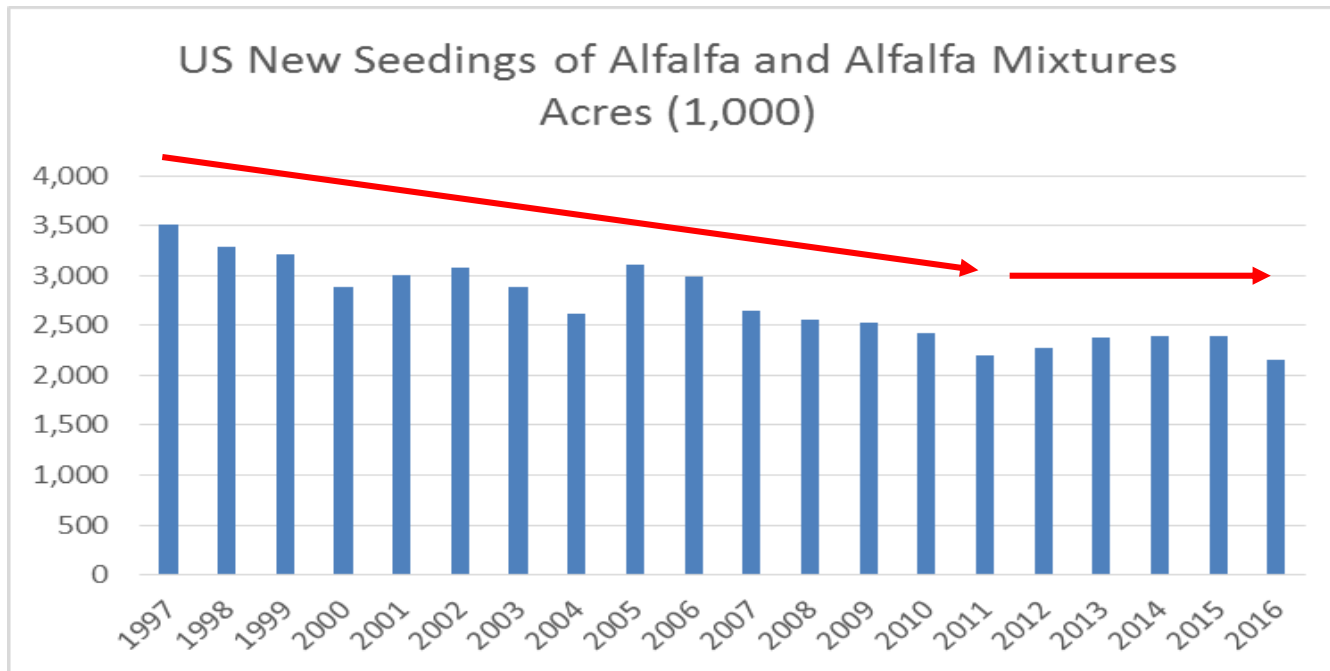
- 1999 to 2016 Alfalfa seed consumption has continued to decline year after year.



Alfalfa Seed Demand Update

US Forage Demand Trends

- US new seeding acres has similar decline year after year compared to total number of acres produced of 30% in the last 20 years.
- 2011 to 2016 shows signs of leveling out??



US Alfalfa Seed Trends - bad news ☹️

- Commodity crops and alternative feed sources continue to displace alfalfa in the dairy ration
- It's estimated US alfalfa seed industry is now carrying 1.5-2 years supply
- Limited seed contracts offered in the near future
- Ag industry - commodity prices soft, dairyman surviving on breakeven milk prices

US Alfalfa Seed Trends - good news 😊

- Leafcutters will be in abundance supply and prices much lower
- Dry alfalfa hay market price continue to improve and export sales remaining steady to up
- 2018 market demand is expected to be an uptick from 2017 sales
- Premium value added alfalfa products remain in demand as hay producers/dairyman recognize value in improved animal performance

International Alfalfa Seed Trends

- Alfalfa seed demand will be stronger in 2018 compared to 2017 due to weak dairy and farm economy
- Largest export market effected adversely by dramatic shift in Middle East reduction due to water reduction usage mandate
- US production meeting international markets continue to be a challenge for industry meeting import standards i.e. field inspection standards, field history requirements, and free of GMO
 - Grower Opportunity Zones have provided some assistance in limited markets

Red Clover Seed Trends

- Shrinking market in the US primarily used in pasture mix or green manure plow down

Alfalfa Industry Trends

- Alfalfa forage is one of the top 5 crops in the US
 - Alfalfa seed industry must continue to provide:
 - Quality products
 - Value added product to the forage producer and end user (dairy and beef producer)
 - Competitively priced products



Questions?