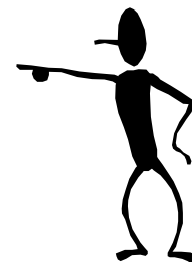
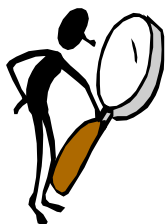

Crop Watch

"More acres going out" is the basic theme in Oregon. While we reported back in November that acres were being reduced, especially in perennial ryegrass and tall fescue (15-20%), it is clear now that further cuts will be made for both of these crops. Even this spring some growers have been served notice to plow out tall fescue fields and some perennial ryegrass fields that potentially are not up to quality standards. This will help reduce the burden of carryover inventory for 2009. New acres are pretty much dedicated to new varieties, and those are being placed with much more caution in terms of quantity of acres.



In Canada, creeping red fescue acres are now estimated at somewhere around 60-70 thousand, about half of what they were a few years ago. Acres for 2010 crop are even less. Furthermore, the 2008 fall was dry. With carryover being about average, it will be interesting to see how this one plays out for 2009.

Market Update



As most of you know, the recent Wall Street anxiety, housing sector woes, and job loss data has caused much global reluctance to spend money. As one person aptly put, there is a "hands in the pocket mentality" out there. Our industry is not immune this attitude. All markets, both short-term and especially long-term are very quiet for forward positioning. As contracts are completed on previously purchased seed, both buyers and sellers are going more hand-to-mouth. Here are some other specific comments:

KY-31 Tall Fescue - We've seen Oregon growers of KY-31 be very aggressive in their pricing resulting in very good movement the past number of weeks. Perhaps the bottom of that market has been found.

Orchardgrass - Substantial price reductions since last fall have occurred bringing orchardgrass back to levels closer to the 2007 prices when the market began its spectacular climb. The journey down has not been as fun as the climb up! Most conclude that we would have seen more usage if prices adjustments had come six to eight months ago.

Perennial ryegrass - There remains a firmness especially at the grower level of Oregon perennial ryegrass, even though movement is not noteworthy and inventories are high with no apparent "across-the-board" significant adjustments in the wholesale grower price.

Kentucky bluegrass - There has been a slight softening of price, even with some anticipation of respectable movement of common and lower-end varieties this spring. Contract prices for 2009 crop continue to keep the pressure high for new crop pricing.

Annual ryegrass - Aside from some country-specific export business, the quiet world markets have caused tetraploids to stay more in line with diploids this spring. Quiet future markets have been a factor in the softening of the market, which is now close to where growers called "bottom" a few years ago.

Clovers and legumes - While prices have fallen some, there is currently somewhat of a "firmness" especially in white clovers. The Australian and New Zealand crops were quite poor this year, meaning there will be no additional imports from those regions until next spring. The Canadian inventory of legumes is still very light with nothing positive expected for new crop. Yet domestic usage is being contained by current economic conditions.

Combine these facts with an uncertainty about future demand, fluctuating currency rates and you have all the ingredients for a coin-tossing futures market. Buyers will be watching crop reports, exchange rates, and demand indicators when deciding purchases for next fall and winter.