SMITH SEED SERVICES

Snippets

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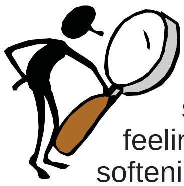
Strong Markets



From our perspective, it sure seems like most all the markets are feeling very firm with little signs of winter softening, let alone a potential spring thaw in the forcast. Aside from perennial ryegrass, there really aren't many crops that even have what might be called excessive inventories! Many of you have to put out your spring pricing now - prices you will have to live with for the next 6-8 months. So here's a friendly reminder: Don't get caught quoting lower than you can cover yourselves...at least not this year.

Grass Seed and Dinosaurs

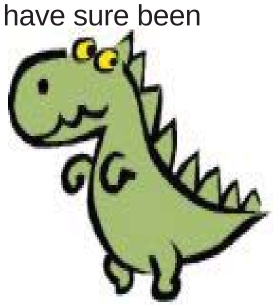
Probably the last thing that we thought we would be talking about at this year's Western Seed Convention was ethanol, bio-diesel, and bio-fuel. We KNEW we were going to be talking about tall fescue (since that's the only thing we could do was talk about it, not trade it!!)

But after only a very short time, we found ourselves in discussion after discussion with distributors and other suppliers talking about the price of corn, the shift in acres and the drive to pump corn, soybeans, and even grasses into our fuel tanks. Personally, I left the convention with two thoughts:

First, I think we need to all learn more about this whole bio-fuel stuff, as it appears that it will be impacting everything from the availability of seed acres to the cost of my Captain Crunch.

Second, I came away with a greater appreciation of dinosaurs. I thought to myself, "Those old dinosaurs and their fossil fuel have sure been good to us!" (Of course, I was just reminded that fossil fuels don't actually come from dinosaurs, but from tiny micro-organisms.)

Oh well, I guess there is even MORE to learn!



We knew it was BIG, but...

We didn't realize how much greater tall fescue and annual ryegrass seed movement was this fall until we saw the quarterly commision reports. As many of you know, tall fescue usage, especially from Oregon, continues to grow each year. Better varieties are actually increasing the geographic area of usage. So what were the numbers for this quarter? Can you believe over 65 Million lbs? Compare that to 52.4 in '05, 42.5 in '04, 32.6 on '03 and you now have a better idea why the industry is all of a sudden very tight on fescue!

The other crop that had significantly higher numbers was annual ryegrass. The Ryegrass Commisison reported 146 Million lbs for this quarter, compared to 112 in '05 , 135 in '04, 134 in '03, and 123 in '02.

One crop that was notably down was Perennial ryegrass, with a decrease from last year of 20 million reported lbs. Some say that this is due in part to shipments from other production areas and seed shipped from carryover positions.

Keep An Eye on This One

Kenway RED CLOVER

You've heard us talk about Kenway, our new red clover. Maybe you've seen the data out of KY that puts it at the top of the charts after 3-years. Well, we have just seen the first year data out of Wisconsin, and guess what? Kenway is at the top there too! *(Now we know that test data really needs more than one year to have any significant value, but things are starting out great up North.)*

Supplies are essentially committed for this year, but plug it into your thinking for '07 crop! And for more information on this, or any of our other varieties, visit www.SmithSeed.com.

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