SMITH SEED SERVICES

Snippets

Volume 6.03
March 6th, 2006

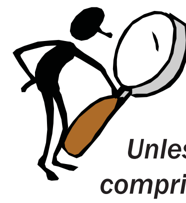
Crop Watch

Last year this time we were reporting a terrible drought in the Northwest. The next month we reported that the rains had finally come. Then in June we shared the bizarre news of crops being eaten up by field mice! Well, here we are looking at another spring, and somehow we still have at least enough seed to start another spring. Yes, we all have seed. Not as much as some would like, but definitely no markets are glutted right now.

What does this mean? First, as indicated by market prices, it looks like the balance of spring will show generally strong markets overall. Additionally, we expect to see that strength continue in certain markets for new crop - at least through the initial harvest months and early fall. Here are some additional thoughts:

- *New crop annual ryegrass has been trading at strong numbers, increasing a penny or so over the last month. Last trades have been at $31 FOB rail, with limited grower participation.*
- *Perennial ryegrass fields continue to concern farmers and seed companies alike, causing both to put a higher value on existing old-crop inventory. We suspect late spring business may just clean up old-crop seed, as concerns over availability and even new-crop quality are already being discussed.*
- *Reduction in last year's Oregon orchardgrass acreage seems to continue to drive pricing upward. What will new crop orchardgrass trade for? Probably not much lower than the current price, at least for now.*
- *The strength of the Canadian dollar gives more support for stronger prices next fall for creeping red fescue, as well as legumes and timothy. Will they be sustained? There sure seems to be sufficient reason.*

Market Watch



What do your spring selling prices look like compared to last year? Unless the lion's share of your sales are comprised of bluegrass, creeping red fescue, perennial ryegrass, and timothy, your seed costs have gone up considerably! Hopefully, your selling price has too. Below is a little snapshot of 2005 spring-wholesale prices compared to this year's. Compare these to what you are pricing your customers. Don't be too cheap out there, you can't afford it!!

Cost Comparison This Spring 2006 to 2005	
Orchardgrasses	Up 85%
Forage tall fescue	Up 82%
Annual ryegrass	Up 71%
Turf-type tall fescues	Up 56%
S-1 clover	Up 24%
Diesel and gasoline	Up 20%
Health insurance	Up 18%
Vetch	Up 18%
Chewings/Hard fescue	Up 17%
Medium red clover	Up 9%
Ladino clover	Up 6%
Alsike clover	Up 5%
Crimson clover	Up 10%
Dutch white clover	Up 5%
Timothy	Down 4%
Creeping Red Fescue	Down 4%
Turf-type perennial ryegrass	Down 4%
Common Kentucky bluegrass	Down 19%