WBFI Members Only Broadcast

August Industry Update

Broadcast #13

August 2, 2007

Sunflower

In the June Industry Update (please see Broadcast #10), we noted that the US Department of Agriculture's report on the US acres planted would be released on Friday, June 29th. That report shows the following information:

Acres Planted 2006: 1,950,000
Acres Planted 2007: 1,864,000
% of 2006 Acres: 96%

According to information available on the National Sunflower Association website (www.sunflowernsa.com), there continues to be strong demand for old crop sunflower. Overall, the US crop is making good progress with the above normal temperatures, although rain would be welcome. Blooming is reported in the Dakotas and Manitoba.

Safflower

As California harvest is beginning, California safflower growers are hoping for a return to normal yields after two poor years. Utah and Idaho growers remain optimistic despite recent dry conditions. Recent record temperatures in the Northern Plains may have hurt early planted safflower but will hasten maturity of the late planted crop. The USDA reports a huge increase in safflower acres in Montana, a major birdseed producer, which will help compensate for acreage declines in other areas.

Millet

Significant late July rains fell on most of the millet growing areas of Colorado and Nebraska and increased the potential crop size from earlier from earlier reports during the time when the crop was heat and drought stressed. Except for a few dry pockets, these areas expect to harvest an above average crop. Parts of South Dakota have experienced drought conditions since the May and June rains, with some of those areas reporting poor crop prospects. The June 30 USDA Crop Report showed a slight increase of planted acres for 2007. With old crop supplies almost non-existent, it is crucial that we harvest at least an average crop. On the whole, it looks as though the chances of that happening are good.

Nyjer

Markets continue to move upward in light trading. With prices very high, the cost to hold inventory whether at origin or in the USA has become excessive so that no large holders of stock exist. This is putting upward pressure on the market every time a parcel of 110-120 tons is bought and sold. Crop conditions are ideal in India for new crop planting. Expect continued tight markets and high prices for the next 60-120 days until the new crop starts harvesting and trading.

We're updating our list!
If your company uses the term "Nyjer" on packaging, etc.,
Please send an e-mail to WBFI Headquarters
shays@wbfi.org

Canaryseed

Ideal crop conditions were in place until late June. Periods of high heat and much dryer weather have taken their place in July. Much of the crop was planted late due to rain delays in the spring, so the fear now exists of yield loss due to the heat. Prices remain steady. Most of the new crop is not contracted with farmers, so even with a reasonably sized increase in acres, new crop production is being priced at a premium to 2006 prices because of the fear of grower resistance to selling.

Specialty Peas

Record sized plantings and good conditions favor a good crop, but the late heat spell once again has made for some talk of yield reduction. Over 95 percent of the crop is yellow or green dry peas and over 800,000 tons is already sold to India for food for September to December shipment from Vancouver. Specialty pea production, such as Maple peas, Austrian winter peas, and small sized yellow peas, is reduced this year, so once again higher prices should continue to be in place thru 2007-2008.

Milo

The milo market has taken some very large "basis" increases in the last 2 weeks. Old crop milo supplies are short in Kansas, Nebraska and South Dakota. The milo being short in supply has a lot to do with the elevators liquidating anything they could to make room for the huge wheat harvest in July. Also, Texas would typically start milo harvest at this time. There are problems with the Texas crop, and this has moved the price up.

Packaging

Multi-wall

Multiwall paper producers have implemented minor increases of $10-20/ton on various papers since the last big increase this past spring with the latest being a $10/ton increase for August announced by Longview Paper . Convertors have absorbed most of these increases keeping bag prices relatively flat. Continued increases this fall could force convertors to implement another overall increase. Lead times on the Pasted Valve and Pinch Bottom lines of as much as 10 weeks are not unheard of.

Corrugated

Although containerboard producers have announced a $40-50/ton increase for August, convertors at the box level have not announced any increase so far to customers. Box sales have been sluggish this year, and there has been competitive pressure in some markets pushing prices downward. The recent acquisition of Altivity Packaging by Graphic Packaging will have little influence on this market through the balance of the year. Lead times are still running in the 1-2 week area.

Resin

After a 10 cent per pound increase since the first of April, we had hoped for stability for the short term. What has happened is that the resin suppliers have announced a 5 cent per pound jump for August and may attempt another 5 cent jump in September. Analysts believe the first 5 cents may occur end of August/first of September, but the second announcement should not happen. By the end of the 4th quarter, we may see this August increase erode.

Laminates

Laminated products are continuing to grow in popularity. The paper/woven poly laminates and the BOPP/woven poly laminated bags have seen a steady increase in use every year since 1996 with the biggest increases starting in 2004. On June 28th, several companes filed a petition with the International Trade Commisssion to investigate the "illegal dumping" of these sacks from China specifically, though Thailand was also mentioned at the hearing . The companies who initiated the petition testified at the July 19th hearing in Washington. Companies also supported the initial petition though they did not testify. The committee will submit their report to the commisssion by August 6th with a subsequent vote and determination before submitting their views to the Commerce Department on August 20th. If successful, higher duties will be imposed resulting in higher prices. Further information on this can be found at www.usitc.gov investigation nos. 731-TA-450 and 731-TA-1122.

Imports

The rising trend on totes, woven poly, paper/poly and BOPP/laminate products may continue over the next 90 days because of changes within China. The 7% revaluation of the Chinese currency makes the US dollar weaker. In addition, the Chinese government has cancelled some of the previous export tax incentives under pressure from the US government. A third impact is the increase in the Chinese people's living costs so the Chinese workers need pay increases to maintain their standard of living.

Ocean Freight

There is now a Peak Season Surcharge(PSS) of about $250-300 per 40 foot container moving inland by intermodal service. Last year most carriers did not charge for this, but this year they are. The PSS may be increased to as much as $650 per 40 foot container as this surcharge runs about 8 months out of the year, but it is getting to the point that almost the entire year is "peak season".

Annual Dues Reminder!

Have you paid your 2008 WBFI membership dues?

Invoices were mailed in late June to your company's WBFI Representative. The invoice was due and payable upon receipt. Please make sure your membership dues have been paid so you maintain your access to the benefits like these Broadcasts, the information in Members Only (password changes in August) and attendance at the Annual Meeting.

Susan M. Hays, CMP, Executive Director
Wild Bird Feeding Industry

1305 N. Tahoe Trail
Sioux Falls SD 57110
Phone: 888-839-1237
Fax: 605-275-6697
E-mail: shays@wbfi.org
Website: www.wbfi.org