WBFI MEMBER BROADCAST #7 May 11, 2007

Dear WBFI Members:
With this Broadcast, we begin our Industry Update series for 2007. It is our intention to bring you information you can use to help your business, and we encourage you to let us know if there is an additional topic we can cover in the updates to help you.

Sunflower
The sunflower crop may turn out to be a different picture from the planting intentions issued on March 30th. With the volatility of the weather across the most parts of the country, planting of all crops has been stalled while fields dry out from recent substantial rains.

The factors influencing the sunflower crop are:
- Planting conditions. As of this writing, very few sunflowers have been planted.
- Demand for non-transfat sunflower varieties. Crushers are bidding for 2006, 2007 and 2008 at amounts over '07 prices. It is unusual that crushers would compete for '08 crops this early and this is assuring farmers of potentially higher prices.
- Competing crops with high prices such as corn to be used in ethanol production.

The key dates for completion of crop planting in sunflower country:
- Corn – May 25
- Soybeans – June 10
- Sunflowers – June 20

For crop insurance and the opportunity to maximize yields, producers watch these dates and make adjustments as needed.

USDA monitors the progress of planting of corn, soybeans, and sunflower in the US on a weekly basis. These reports are available on the internet at this link:
http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1048.
WBFI Members can find the link to this site and others from Members Only by clicking on *Production Information* in the red box on the left side of the Members Only homepage.

Canadian Crops
2007 Canadian crops planting intentions were announced on Tuesday, April 24th.

The most important points for the specialty crops business: increase or decrease over 2006.
Corn: +26%
Soy: -4%
Flax: -31%
Peas: +2.3%*
Oats: +20%
Sunflower: Oil and confection unchanged from 2006
Lentils: -10%
Canaryseed: +44% (Saskatchewan Only)**
* Breakdown of the varieties of peas/lentils is not given
** Canaryseed is only reported for Saskatchewan, which produces at least 90% of Canadian canaryseed. Also note this report contradicts the Saskatchewan provincial report from the week of April 16, 2007 that showed a 1% increase in plantings.

Packaging

Multi-wall Bags have seen increases of 6% to 8% in the last 30 to 45 days. This is the second increase in the last 8 months. Lead times on sewn bags are only a couple of weeks and are more dependent on the availability of the paper from the mills rather than production capacity. Pasted valve and pinch-style bags are running 8 to 10 weeks. Corrugated products have not seen the increase yet on liner board, and it is possible that increase could happen this summer. There is speculation that another paper increase will occur later this year.

Imported Bags overall continue to make strong inroads in the US market. Paper laminated and BOPP laminated woven polypropylene bags continue to take large segments of the market away from multiwall paper. There is also a slight increase in multiwall and polyethylene bags from overseas. Lead times are normal but the peak season shipping over the summer may cause delays. The peak season ocean freight surcharge will be going into effect and may run about $300 per 40' container.

Polypropylene Bags have seen increases this spring as the cost of resin continues to escalate. The domestic demand for resin has been fairly flat and has forced the resin manufacturers here to sell more resin to the overseas markets to drive the domestic prices up. Overseas markets have seen a steady rise in prices since last year, driving bag prices up. Many overseas suppliers are supplying lighter weight fabrics to keep prices level.

Polyethylene prices are rising as well with the possibility of two increases by the end of summer. This may open the door for overseas bag suppliers to enter this market with more competitive prices.

Nyjer

Nyjer markets have risen to levels not seen in many years. At present the market is recovering from numerous defaults by some Ethiopian suppliers. It is possible that 2 to 3 years of very low prices on Nyjer prompted many small farmers in Ethiopia and India to switch to alternative crops, so supplies are likely lower than in past. Arrivals in the USA have been delayed somewhat because the importers have had to cover these defaulted contracts. India's crop production is reported to be slightly lower than last year's; unsolicited offers have been forthcoming from this origin, so it does not appear that supply will be a problem at a price.

Nyjer, like all the other agricultural commodities, is expected to remain firm for the coming season. There is no verifiable report on supply at origin, but Nyjer is an oilseed used for edible oil in both Ethiopia and India, and Nyjer is not immune to the worldwide price rise induced by biofuels development. With supplies at origin restricted, prices will likely continue to maintain a steady to firm level until after the Indian monsoon season is over in August/September.

Millet

The 2006 U.S. millet crop was pegged at 10.2 million bushels by the USDA in their January 12, 2007 Annual Crop Production Report. While this number indicated a smaller crop than normally needed, higher prices relative to other grains have not yet occurred. It appears that usage is less than normal thus balancing a small supply. Early indications by growers suggest a reduction of planted acreage for 2007. However, the millet growing area has received significant moisture throughout the Winter and Spring. If this trend continues, we may yet harvest an adequate crop.

Canary Seed

Since several years of overproduction ended in 2004, planting has decreased in Canada. This crop year, demand caught up with the gradually diminishing supply and prices have escalated. The Canadian crop report released by Statistics Canada showed an increase of over 40% in planting from 2006 for the province of Saskatchewan (supplies over 90% of the production); however this report contradicted a provincial report from 10 days earlier which predicted about a 1% increase in plantings. The market is left to decipher which one is correct.

Flax Seed

Planting intentions in both Canadan and the USA point to a 30 to 50% reduction this season, so prices for flas are likely to increase.

Peas

Planting should increase from 3-10% in the USA and Canada. Demand for peas from the Indian subcontinent and Asia and South America continues to grow at a faster rate than the increase in production here. Production of specialty peas used in bird/pet foods (Maple peas, Austrian Winter peas) is expected to decrease because the increases in the pea acreages are mainly for yellow peas.

Milo

Milo market as far as “basis levels” has been very stable over the last 2 months. The flat price is determined by who can out guess the futures market. Milo stocks are tight and would have been even tighter except the export market has not been aggressive. Planting intentions etc. will be discussed in the next report.

Safflower

The 2007 safflower acreage is expected to be down from last year's levels in all major growing areas: California-Arizona, Utah-Idaho and Montana-the Dakotas. The decline could be as low as 10% or as much as 30%. Growing conditions are generally quite favorable at this time in all areas. Above average yields could compensate for small decreases in planted acres if good growing weather persists throughout the season.

We hope you find this information helpful. Please let us know if there are other topics or crops on which you would like to receive information.

Susan M. Hays, CMP, Executive Director
Wild Bird Feeding Industry
1305 N. Tahoe Trail
Sioux Falls SD 57110
shays@wbfi.org
Phone: 888.839.1237
Fax: 605.275.6697

The Wild Bird Feeding Industry is a trade association dedicated to:
Promoting responsible feeding, creating alliances, removing barriers, safeguarding gains, and Enhancing the experience of the consumer.