

# 2012 Arizona Ag Crop Commodities Discussion

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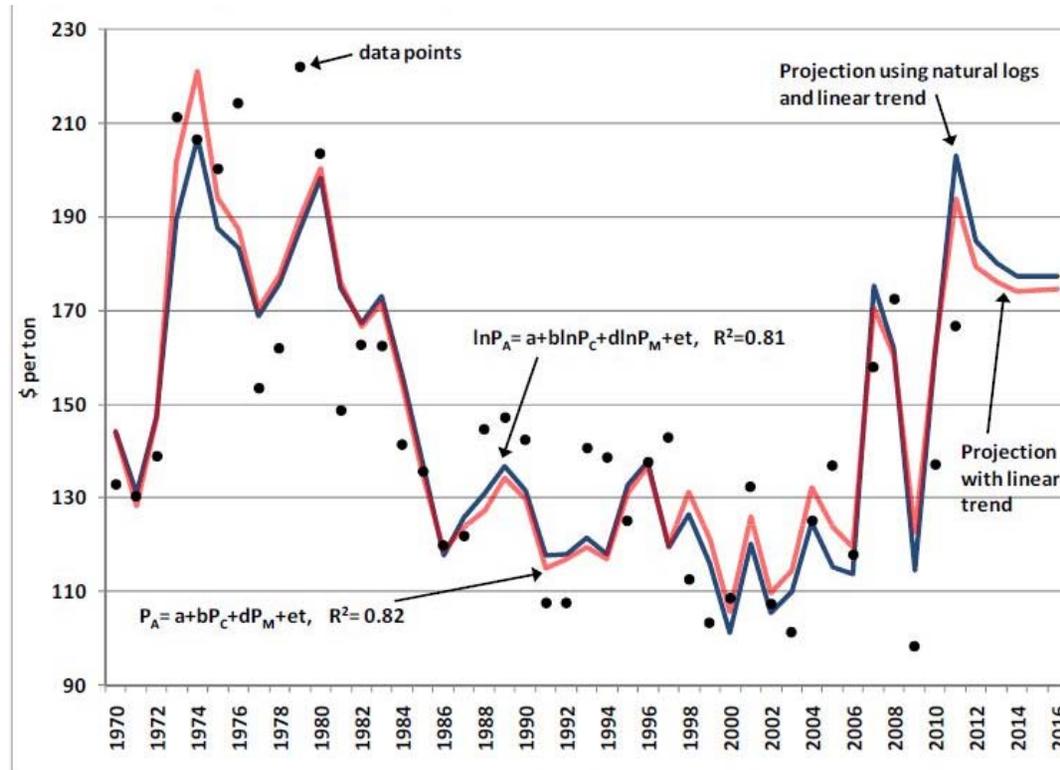
# AZ Alfalfa 2012

“World and U.S. markets for grains, alfalfa and dairy products are linked on both the supply side and on the demand side.”

–Sumner/Molina UC Davis

- ▶ Demand remains Strong
- ▶ Supply is stable to increasing
- ▶ First cuttings are being sold at \$275/ton FOB
- ▶ Prices expected to remain stable
- ▶ Profitable, but margins narrow with increased fuel, fertilizer, water costs.

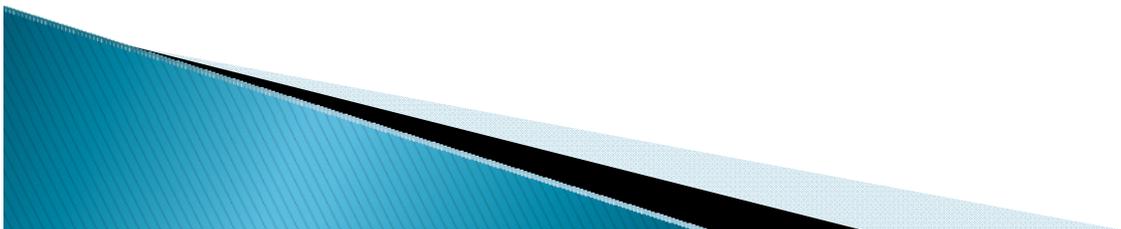
# Alfalfa – Historical & Projected Price



Sources: USDA, NASS. Various years. *Agricultural Prices Annual Summary*.  
 Food and Agricultural Policy Research Institute (FAPRI). 2011. *FAPRI-MU August 2011  
 Baseline Update for US Agricultural Markets*. FAPRI-MU Report #10-11. August 25. Available  
 at: [http://www.fapri.missouri.edu/outreach/publications/2011/FAPRI\\_MU\\_Report\\_10\\_11.pdf](http://www.fapri.missouri.edu/outreach/publications/2011/FAPRI_MU_Report_10_11.pdf)  
 Note: Prices are marketing year average prices received, adjusted for inflation

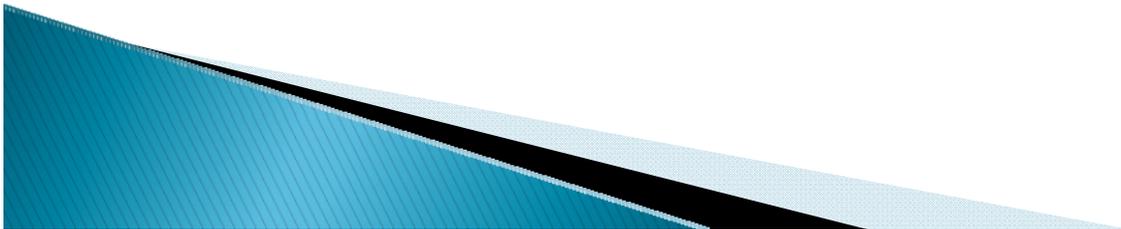
# AZ Cotton

- ▶ 2010 to 2011 Year Profitable with prices \$0.90 to upwards \$2.00
- ▶ 2011 to 2012 Year Profitable prices not as robust but profitable
- ▶ 2012 to 2013 Prices look to fall below prior year, but remain profitable
- ▶ 2011–2012 harvest –New varieties with some farmers getting 6 bale cotton



# AZ Wheat

- ▶ 2009 AZ Average Price \$8.64/bu
- ▶ 2010 AZ Average Price \$5.60/bu
- ▶ 2011 AZ Average Price \$8.35/bu
  
- ▶ 2012 Prices expected to remain strong due to competition between crops



# AZ Crop Commodity Summary

- ▶ Arizona's Cropland is Limited
- ▶ 2011 Profitable
- ▶ 2012 Profitable but tighter margins
- ▶ Global demand influence
- ▶ Milk market influence

All of these factors should play out for a cautiously optimistic profitable 2012 year in AZ crop production agriculture.

