

Following is an update on hay and forage production as well as weather conditions for Florida. This update provides a perspective of where we are in pasture and hay production and what regions may be possible suppliers of hay if dry conditions persist. There is also an update on medium term climate to keep in mind for strategic and critical decisions such as de-stocking.

NORTH FLORIDA

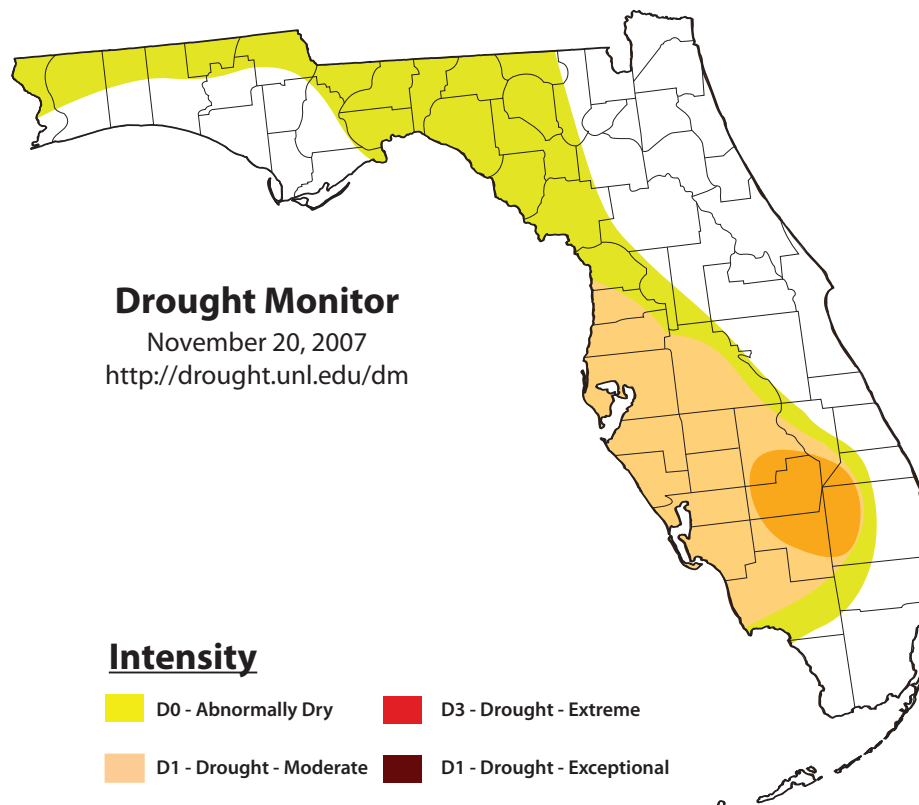
Hay production is 40-50% short compared to last year's figures. After mid October rains, most counties have not received a significant amount of additional rain. Producers got one or two cuttings in areas that should have produced three or four. Hay is in short supply, and we need to factor in that the area had a dry spring, too. There have been two killing frosts in the region taking care of what little grass production existed from perennial warm-season grasses. Ryegrass and clovers are struggling for survival under the dry conditions. Winter forages are almost non-existing and ryegrass planted on the October rains is barely surviving.

Hay production is significantly below normal production; producers are counting on heavy dew to keep leaves from shattering when baling edible peanut crop residue. Given the shortage of hay, farmers are relying on this peanut hay to cope with this drought situation. The area is nearly 20 inches behind in rainfall, having currently accumulated 40-45 inches instead of what should have been 55-60 inches of precipitation.

Many reports from farmers and ranchers express not having seen a year this bad, with many farmers reporting wells running dry in the last 30-60 days.

CENTRAL FLORIDA

Thanks to Jul-Aug rains, most central Florida producers took two or three hay cuttings, but the first cutting was insignificant due to lack of moisture earlier in the summer. Hay production in this area is about the same as it was last year; but is lower than normal.



SOUTH FLORIDA

Although southern Florida is not a traditional hay-production area, this year's hay supply is three times that of normal-rainfall years. Dry conditions have worked favorably toward curing and making hay. However, moisture will be needed soon. Limpograss, a warm-season perennial adapted to very wet conditions, and used by a significant group of ranchers for grazing and stockpiling, has not grown well and tonnage has decrease significantly.

South Florida has literally no ground moisture. Winter forages are out of the question this year because of the lack of moisture. There is no water for pasture or animal use. Presence of pasture pests like chinchbugs, spittlebugs and army worms are bringing significant pressure. Additional rust problems are present in some bermudagrass stands.

Pastures are in pitiful conditions. Although the situation is not as bad as Georgia or the Carolinas, this year has been the worst many producers have seen in Florida.

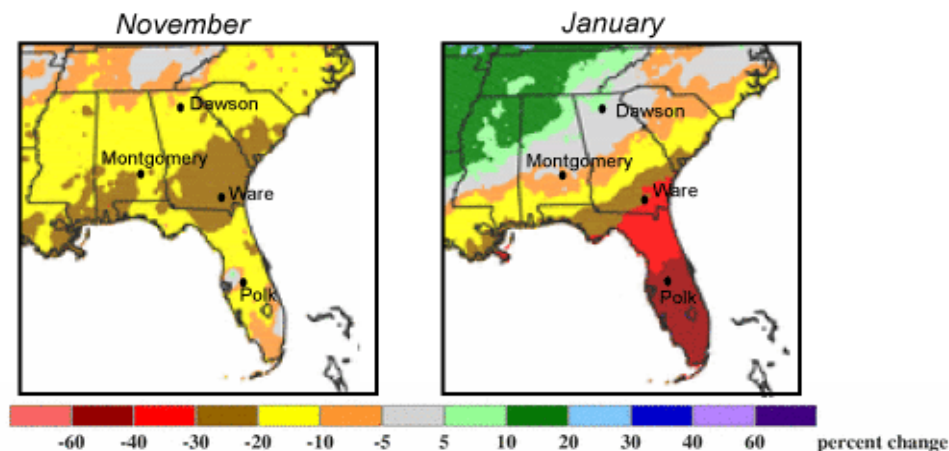
WINTER WEATHER OUTLOOK

El Niño Southern Oscillation (ENSO) plays a significant role in the kind of weather patterns we have in Florida during the winter. Moderate La Niña conditions are currently present in the tropical Pacific Ocean and forecast models indicate that La Niña conditions will persist and perhaps strength through early 2008.

What does that mean? La Niña typically brings drier and warmer weather to Florida during the winter and this may further affect soil moisture conditions that are already at critical levels in many areas of the state.

The last drought monitor update released on November 20, 2007 indicate severe drought conditions in parts of Glades, Highlands, Okeechobee and Palm Beach counties and moderate drought conditions across most of the southwest. For more details check the winter outlook at <http://www.agclimate.org>

Shifts in Average Rainfall (in percent change) La Niña versus Neutral



Rainfall shifts in November and January due to La Niña conditions. On average La Niña brings 30 to 50% less rainfall to Florida in January than during neutral years. Neutral years happen when neither El Niño nor La Niña conditions are present. Neutral years account for about half of the years.