



# Hay Market Economics Options for Your Farm this Fall

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Drought in the USA and parts of Ontario is currently creating a lot of interest and speculation in hay markets. A recent report from the USDA suggests hay stocks per animal are at their lowest level in 25 years and hay prices have doubled in Ontario as demand has increased going into fall.

As the implication of the drought becomes clear, cow-calf producers in the U.S. and Ontario are thinking about either buying hay, buying grains for feed or selling their stock. Indeed, the beef marketplace is already being affected by an influx of animals with feedlot placements well ahead of schedule. Thus one opportunity for Peace Region hay growers may lie in purchasing head from this flooded market and backgrounding a greater number of animals over the winter with their surplus hay supplies. Moreover, these U.S. cow-calf ranchers will want to rebuild their herd once things look better, creating a demand sometime in the future.

Hay brokers report some movement into the USA and a report from the Saskatchewan Forage Council suggests producers in Central Saskatchewan have been taking advantage of backhauls into the U.S. However, not as much hay as one might expect is moving out of the southern prairie provinces right now and it is clear from hay listings on both Ropin' the Web and the Canadian Forage and Grassland Association that hay growers are largely holding off of selling their premium second cuts of alfalfa and timothy or are speaking privately with brokers, anticipating great demand in the hungry U.S. dairy market or in Asian and Middle Eastern markets which will now be unable to source hay from the drought-stricken U.S.

One development that may encourage sales to the U.S. is the drought assistance (announced August 8th) being provided by the U.S. federal government: \$16 million in financial and technical assistance has been pledged to crop and livestock producers in 19 states. In addition, the U.S. Department of Transportation is providing waivers for federal truck weight regulations and hours of service requirements to drought-stricken communities. With subsidized freight and waived regulations, it may become more economical for cow-calf farm families to consider importing their winter feed.

So, what are the opportunities for a Peace Region hay grower to be marketing their hay into the U.S. or Eastern Canada? One rule of thumb is this: if you want to move your hay by rail or truck and maximize your return, let it not be in round bales. Square balers are becoming more popular as these bales stack compactly, maximizing tonnage per area used and making transportation economical.

Freight is the difficult part of moving hay anywhere in the prairies and this is particularly the case in the more remote Peace Region. One broker cited a freight of \$70/tonne for hay moving from Innisfail to Denver, CO this year. Unfortunately, backhauls going straight to the U.S. do not often come this far north and another broker cited a cost of \$1400 just to get a load to Edmonton.



**According to our recent speaker Lorne Klein of SK Ag and Food, physics has it that if the horizontal distance between your two corner posts is three times their above-ground height, your cross-post puts just the right tension between the corner posts to ensure they will never fail!**

# EVENTS

## September Energy Workshops!

Keep yourself posted for our upcoming energy workshops! We will hear from a variety of speakers on topics such as on-farm biogas production, wind and solar energy and the legislation around selling back to the grid.

## October Multi-species Grazing Workshop!

A one-day event exploring the role of multi-species grazing in managing and improving forage stands and market opportunities for alternative meats.

## November Western Canadian Grazing Conference!

Don't forget! Get registered today for this fantastic learning opportunity, Nov. 27-29th in Red Deer.

Join us on our  
Facebook Group!

<http://www.facebook.com/#!/groups/pcbfa/>

While freight may very well limit the possibility of hauling by truck, rail is another option. CNR holds a basic monopoly in our region, so this prospect may not offer great returns. However, if you have access to an intermodal container and can truck it yourself to a rail depot, this may be an option—especially for shipments across Canada, as rail lines do not go straight south into the States but more readily move east-west. A square double-compressed bale of premium second cut pure alfalfa might be the product that offers the best return—if you can identify a reliable customer in the dairy market.

If you do decide to direct market your own hay, know your costs of production and the shipping costs. Price accordingly and compare what you can offer with prices cited by hay brokers and listed in newspapers, on Ropin' the Web and on the Canadian Forage and Grassland Association website. If marketing to the U.S., quoted prices should include delivery and be set in U.S. dollars per imperial ton.

Brokers in Alberta are certainly seeking all cuts of hay this fall and will either purchase your hay outright or charge a commission for moving the hay. The benefit of working with a broker is that they will take care of any required paperwork and permitting. Enterprises Macay is one such brokerage in our region and a representative from this company reports that they are not selling into the U.S. so much as taking advantage of demand for pure timothy and pure alfalfa in Asia and the Middle East. As hay for overseas export requires a moisture condition of less than 12%, Enterprises Macay will un bale and dry round bales and rebale them into compressed squares. This practice is necessary for international shipment but many forage experts believe it vastly reduces the quality of the hay.

Regardless of how you choose to market your hay this fall, there is undoubtedly demand for all cuts and types. While cow-calf producers in drought-stricken areas of the U.S. seem to be choosing to sell cattle before importing hay, the situation may very well change rapidly, particularly if the proposed transportation subsidies are easily accessed. If there is a willingness to pay, there will undoubtedly be an opportunity to market even mixed hay of low or medium quality, either directly or through a brokerage.

Don't forget about your local market either. The Keg River area experienced drought conditions this year and again, cattle will either be moving out or hay will be moving in, creating opportunities to grow your herd, custom feed or sell hay. Current listings on the CFGA website list prices between \$30-50 per 1300-1600 lb round bale, depending on mix, quality and weight. The CGFA will also help match buyers and sellers and assist with logistics. Other websites to advertise your hay or seek out buyers on include the following:

<http://www.canadianfga.ca/> - Canadian Forage and Grassland Association

<http://www.agric.gov.ab.ca/app68/hay> - AARD Ropin' the Web

[www.hayexchange.com](http://www.hayexchange.com) - Links U.S. and Canadian buyers/sellers

<http://agr.mt.gov/agr/Consumer/HayHotline/> - Montana Government

<http://www.ontariohaylistings.ca/> - Ontario Forage Council

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