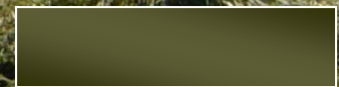


Hay Production Economics and Outlook



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Extension Economist-Livestock



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Hay Production Economics and Outlook



THE UNIVERSITY OF GEORGIA
COLLEGE OF AGRICULTURAL &

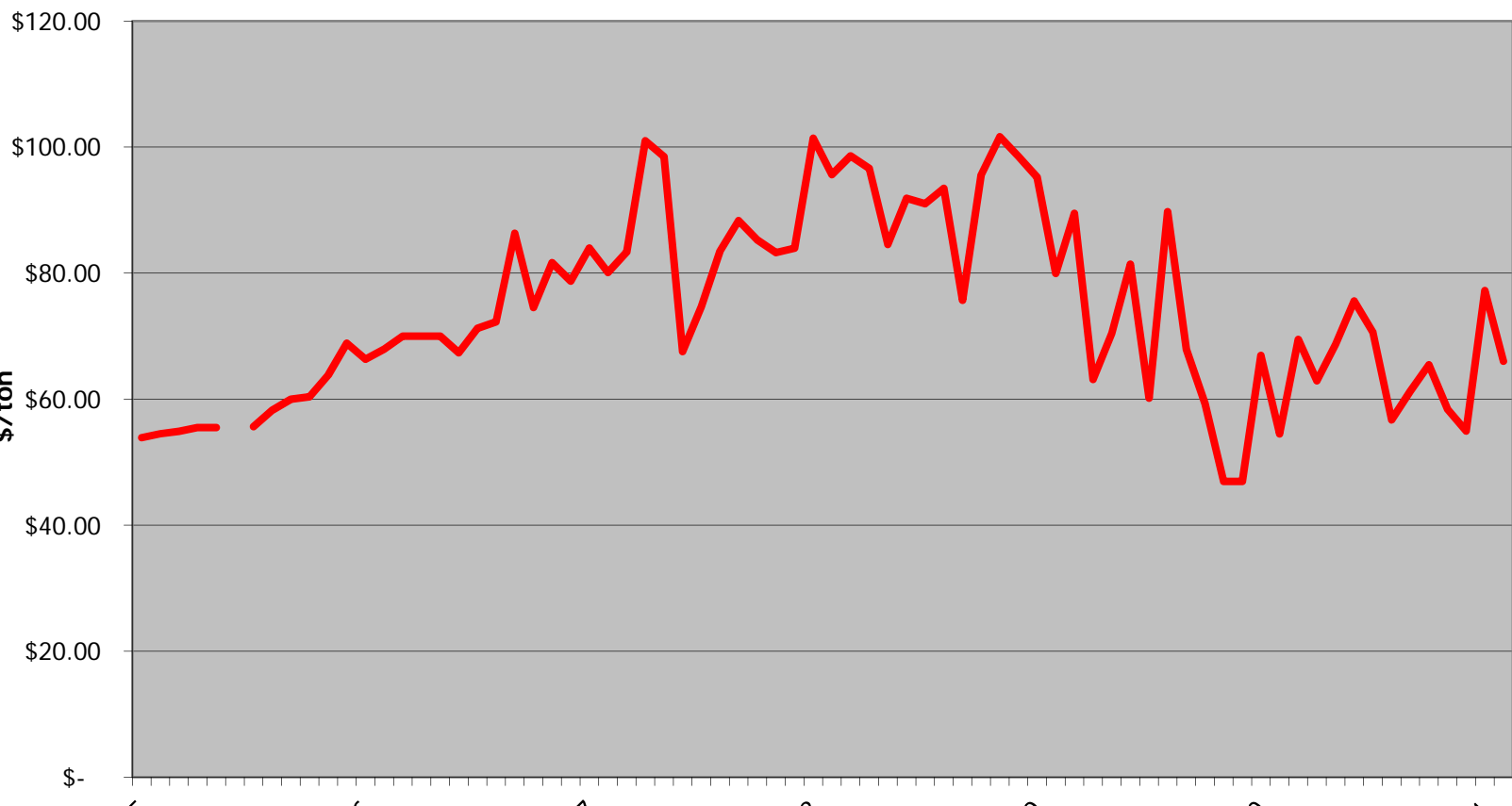
This morning's map

- Current situation
- Inputs
- Outlook for 2011



Hay prices have rallied some in recent months

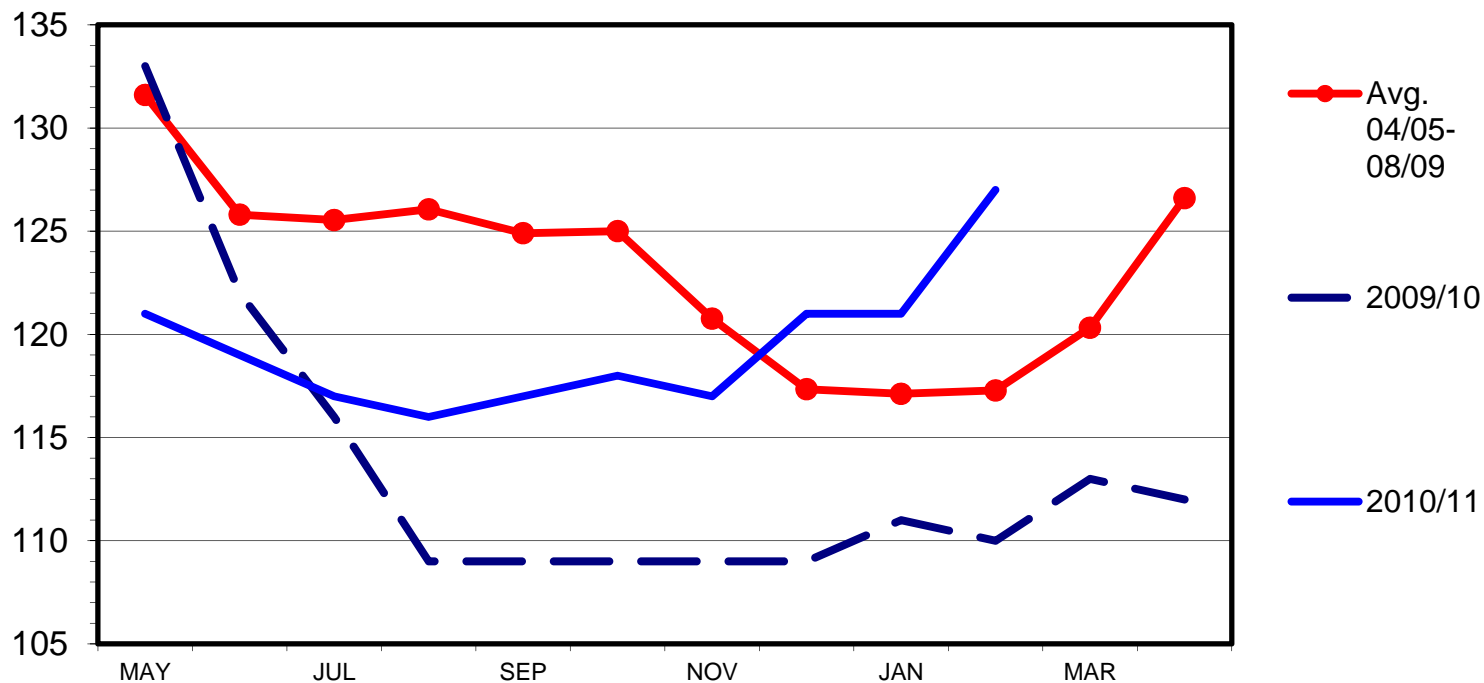
Good Quality Bermuda Hay Prices (\$/ton), 4x5 Roll
Southeastern Weekly Prices, 2005-2011



Alfalfa hay prices are stronger also

ALFALFA HAY - MONTHLY AVERAGE PRICE
Received by Farmers, U.S., Crop Year

\$ Per Ton



Outlook

Input situation and outlook

Factors at Work

INPUTS

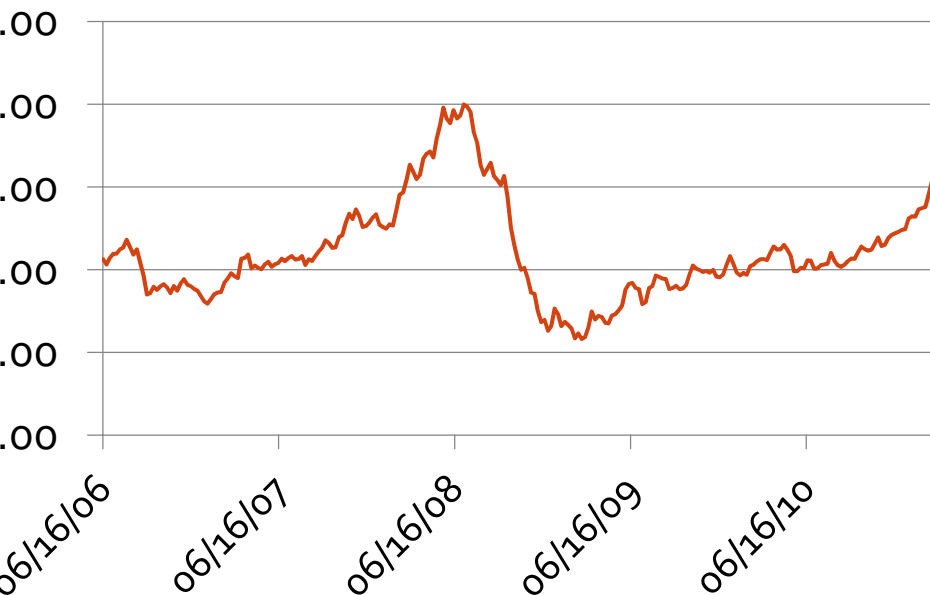
Demand for fertilizers
Fuel costs
Equipment costs

PRICES RECEIVED

- Number of hay consuming units.
- Economy
- Acres of hay

Input Outlook for 2011 – Fuel

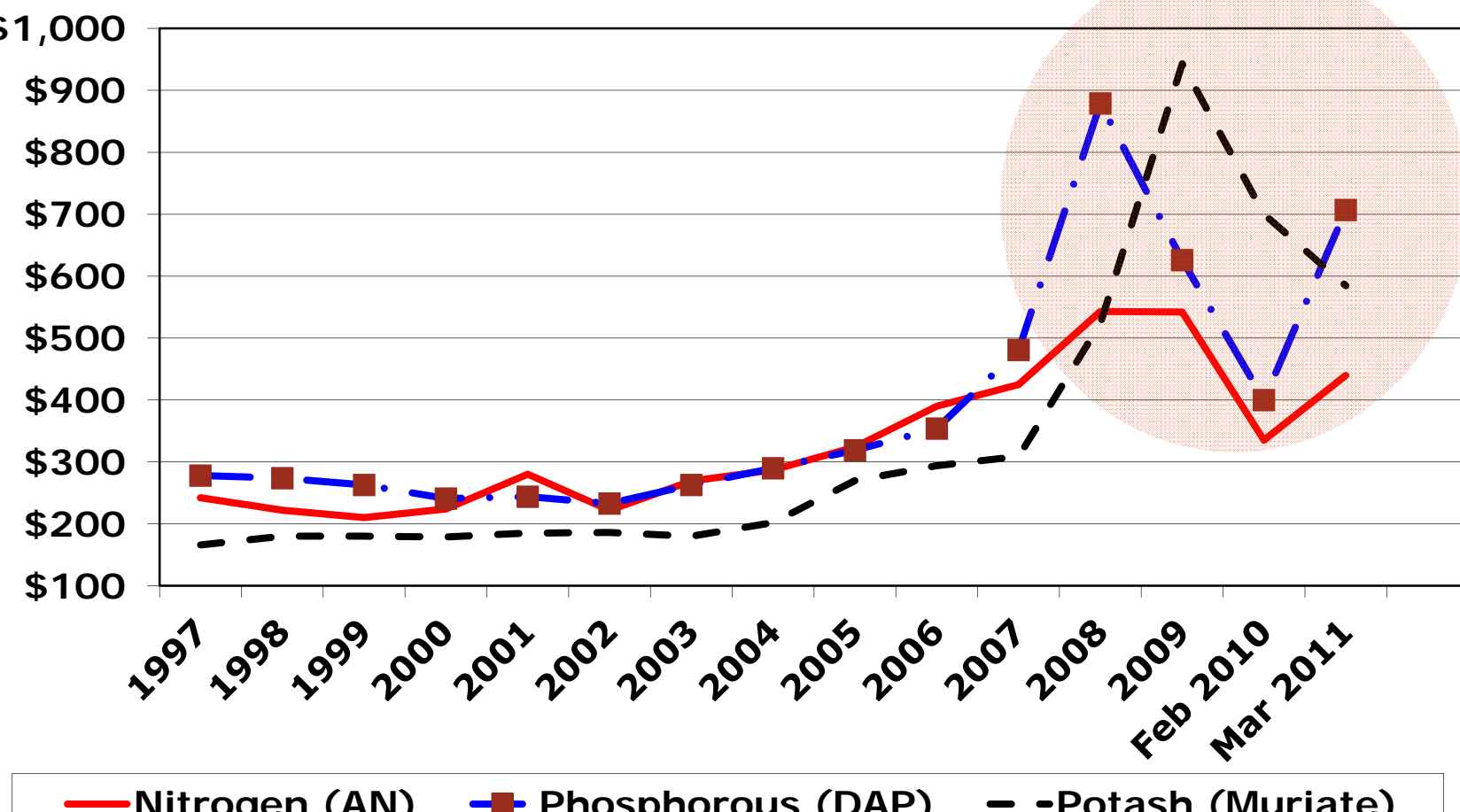
Spot Diesel Price (\$/gal), US Gulf Coast
June 2006-March 2011



- Tightening Supplies
- Increasing demand
- Political unrest
- Steady to higher prices for 2011 and 2012

— Spot Diesel Price, US Gulf Coast

Fertilizer Prices 1997-2011

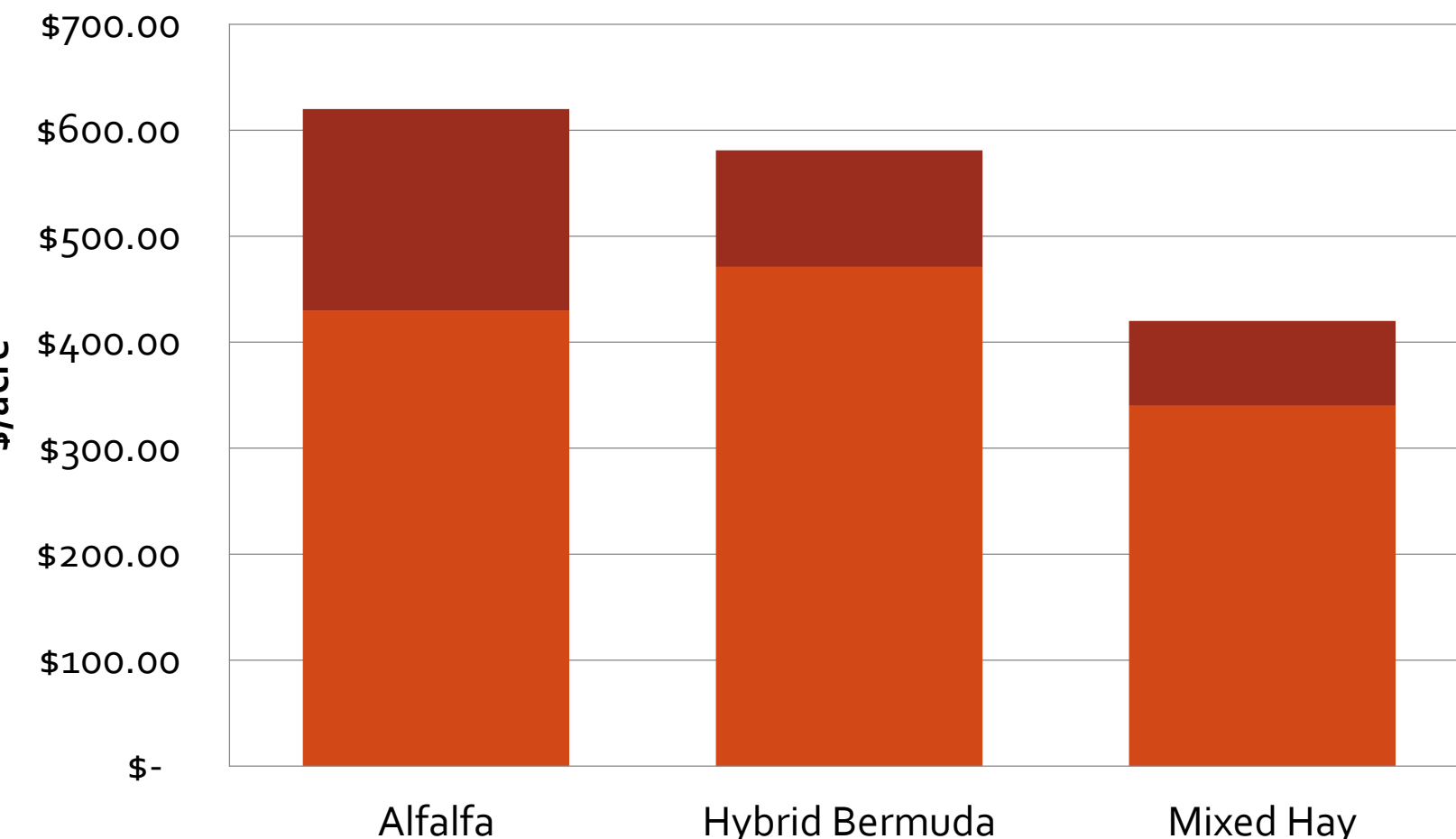


Fertilizer Factors

- More corn acres
- Increasing South American demand
- Strength of US dollar
- Price of natural gas
- Steady to higher fertilizer prices in 2011-2012



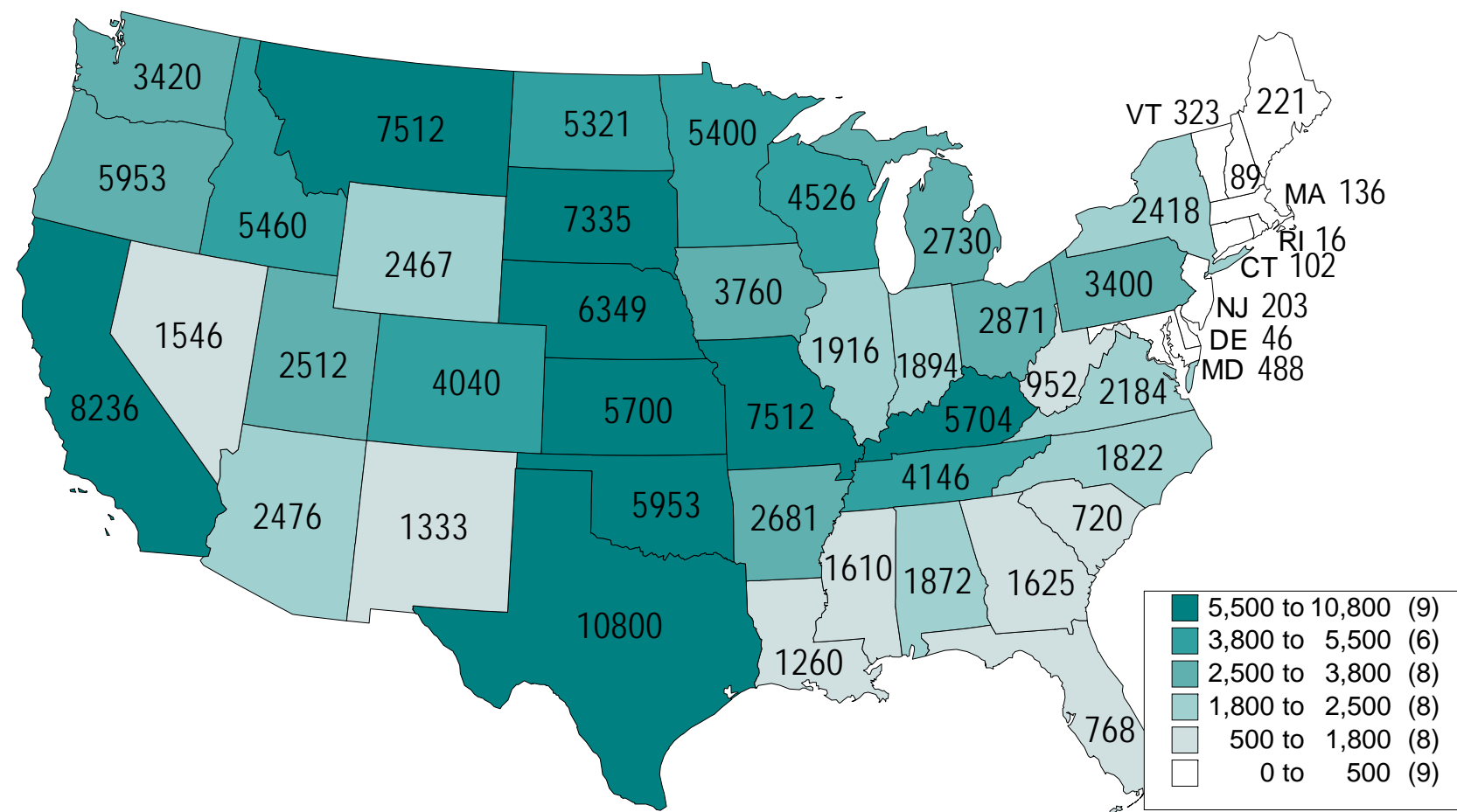
Estimated 2011 Hay Production Costs



Outlook

Projected Supply and Demand

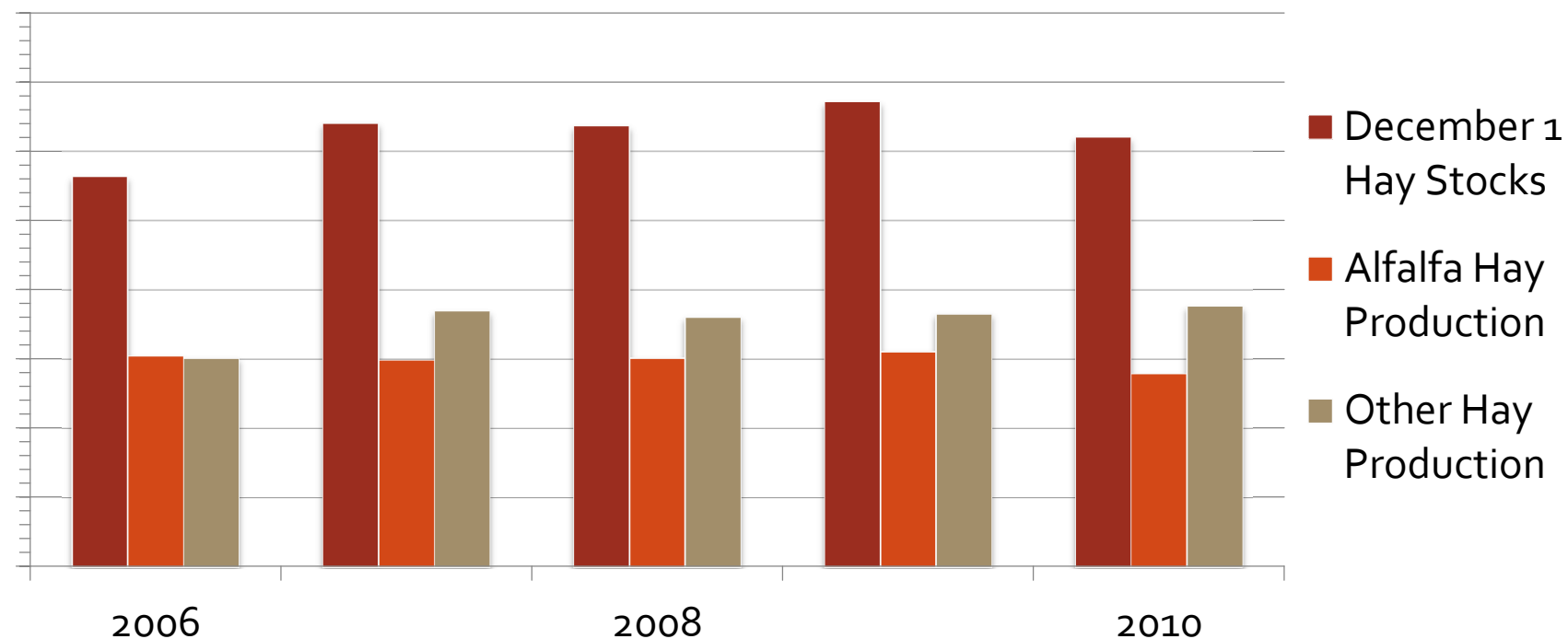
ALL HAY PRODUCTION 2010 (1000 Tons)



Tight US stocks led to higher prices this winter

U S HAY STOCKS AND PRODUCTION
Crop Year

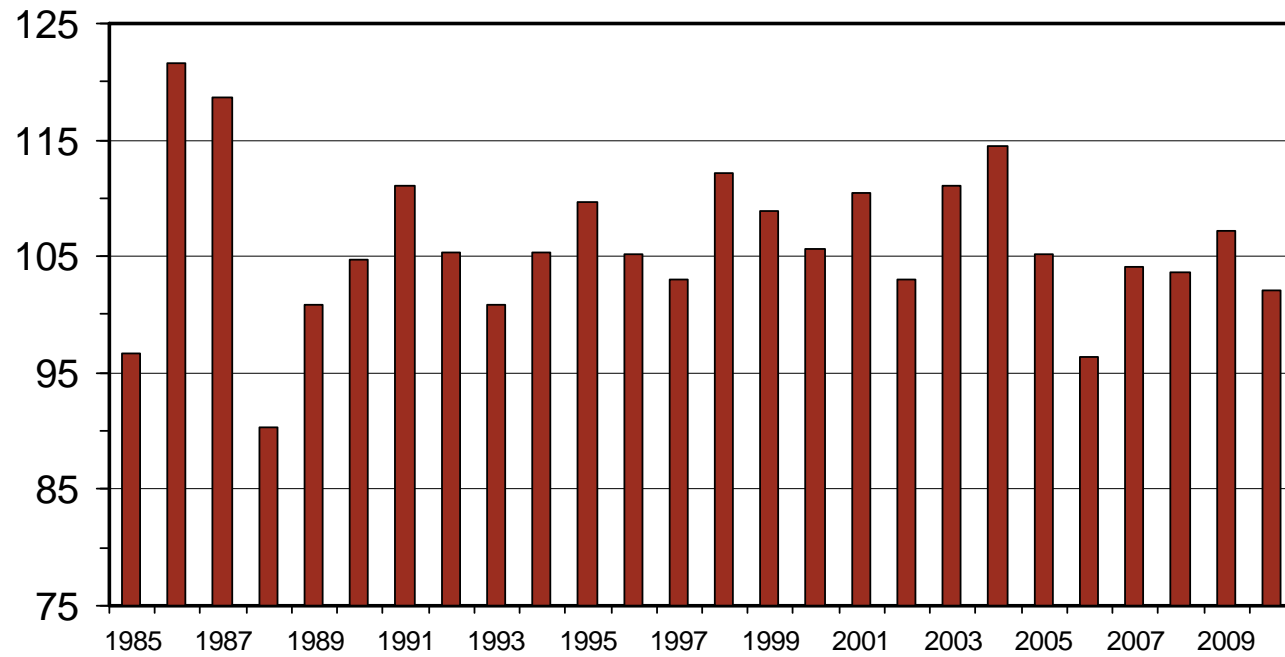
Tons



U S ALL HAY STOCKS

December 1

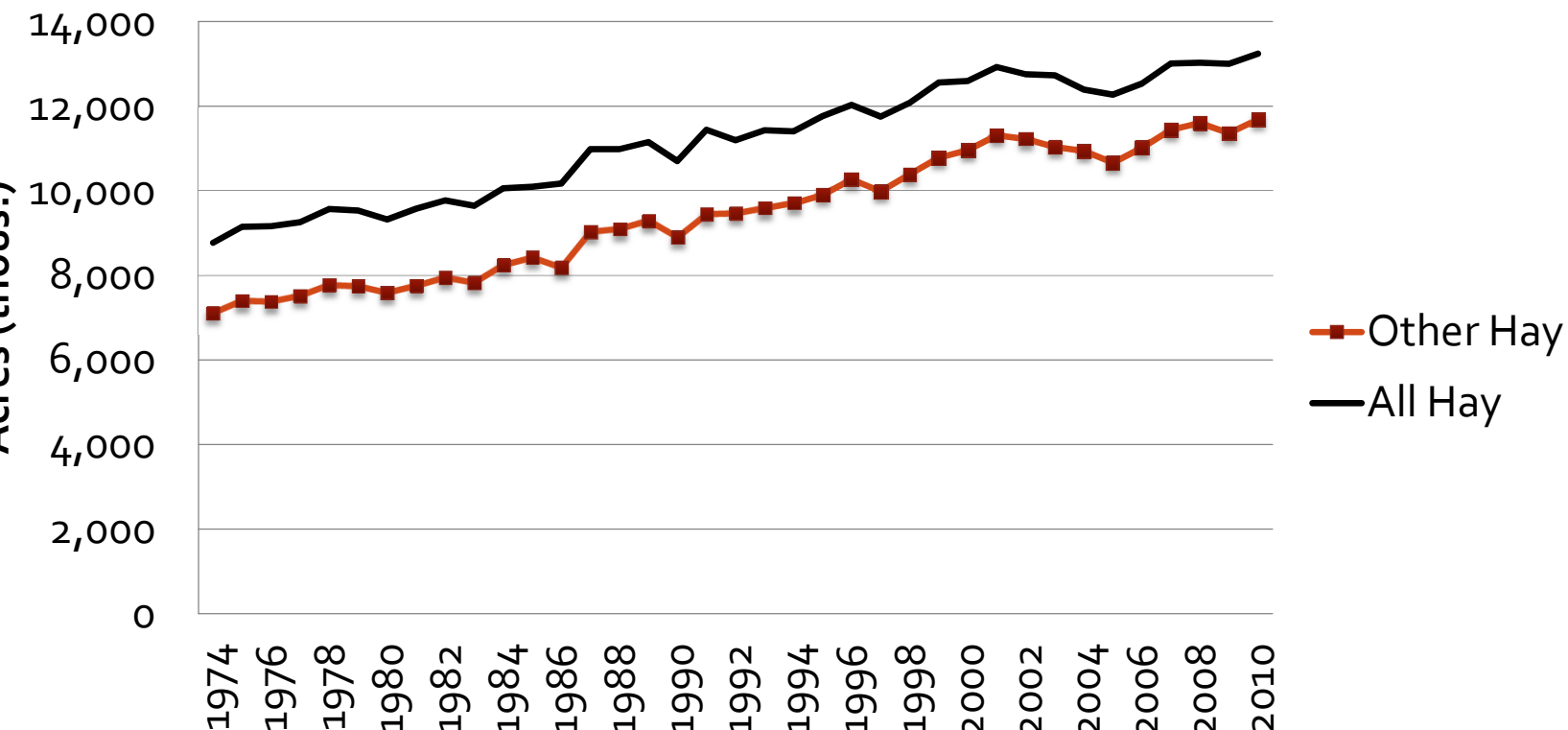
Mil. Tons



G-NP-22
02/02/11

Southeastern Hay Acreage has continued to increase

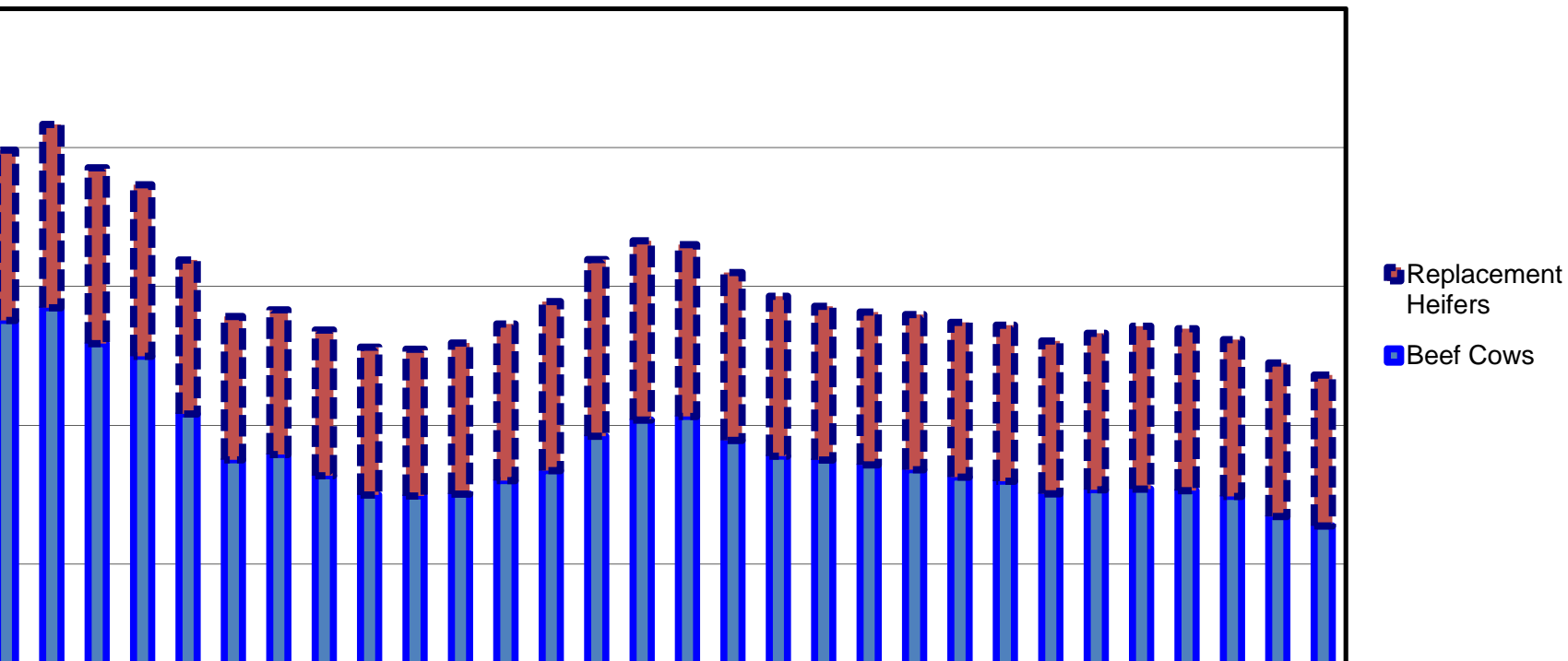
Southeastern US Acres of Other Hay and All Hay
1974-2010



Other fundamental factors

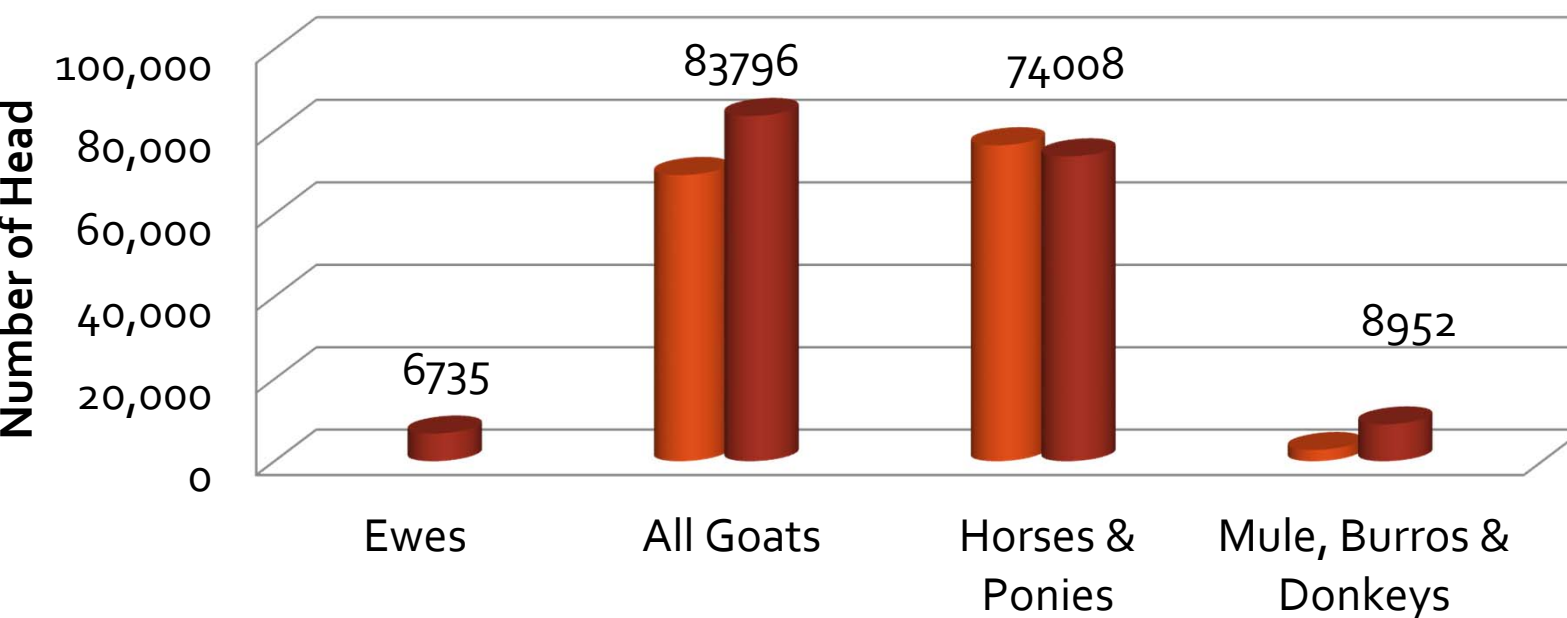
Current high prices for cattle suggest
herd expansion before long.

JANUARY 1 "BEEF COW FACTORY"
U.S., Annual



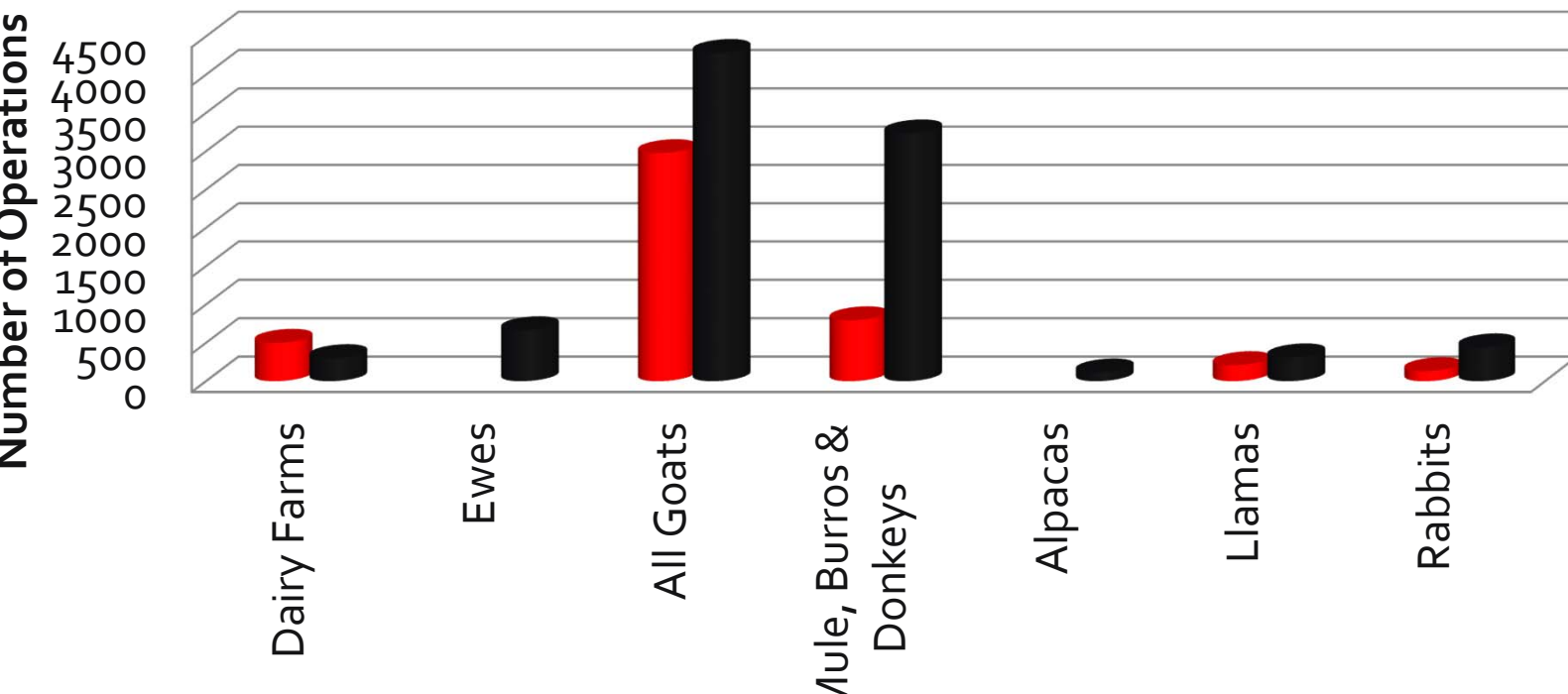
Inventories of Other Animals

**Inventories of Non-Bovine
Forage Consuming Livestock in Georgia
2002 vs. 2007**



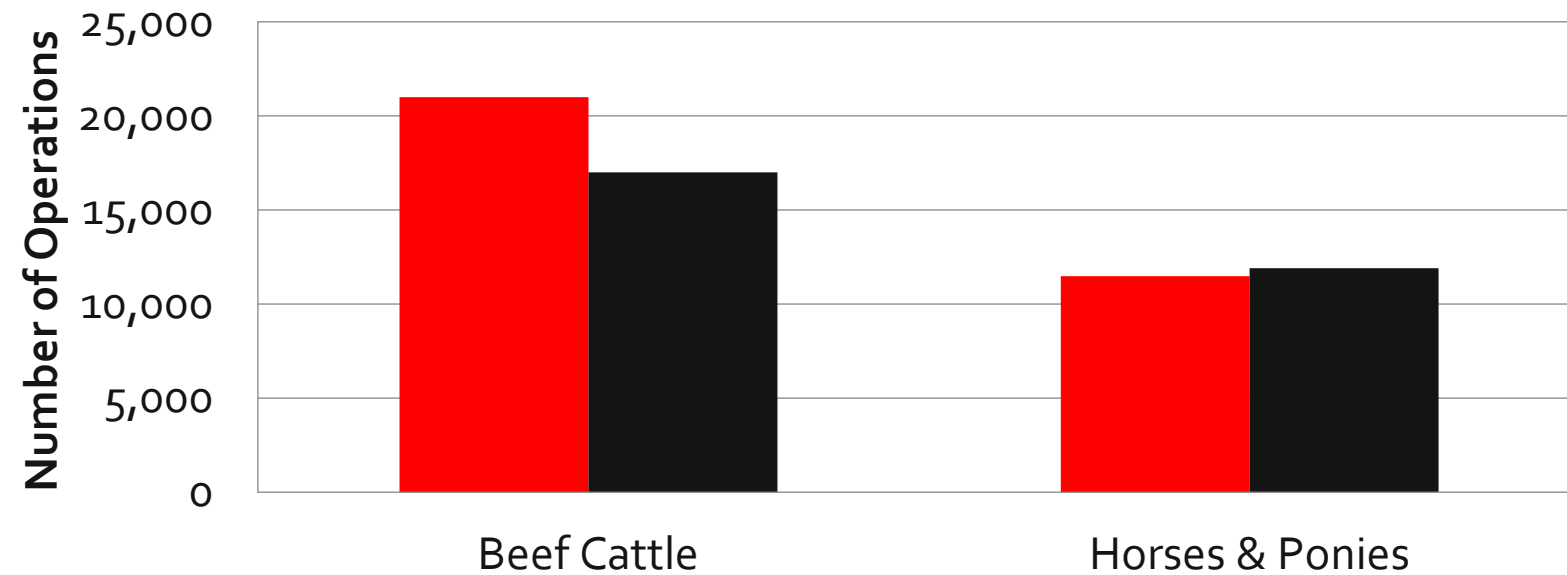
Numbers of Operations

Dairy Cows and Other Types of Hay Consuming Livestock
2002 VS. 2007



Numbers of Operations

Beef Cows and Horses
2002 VS. 2007

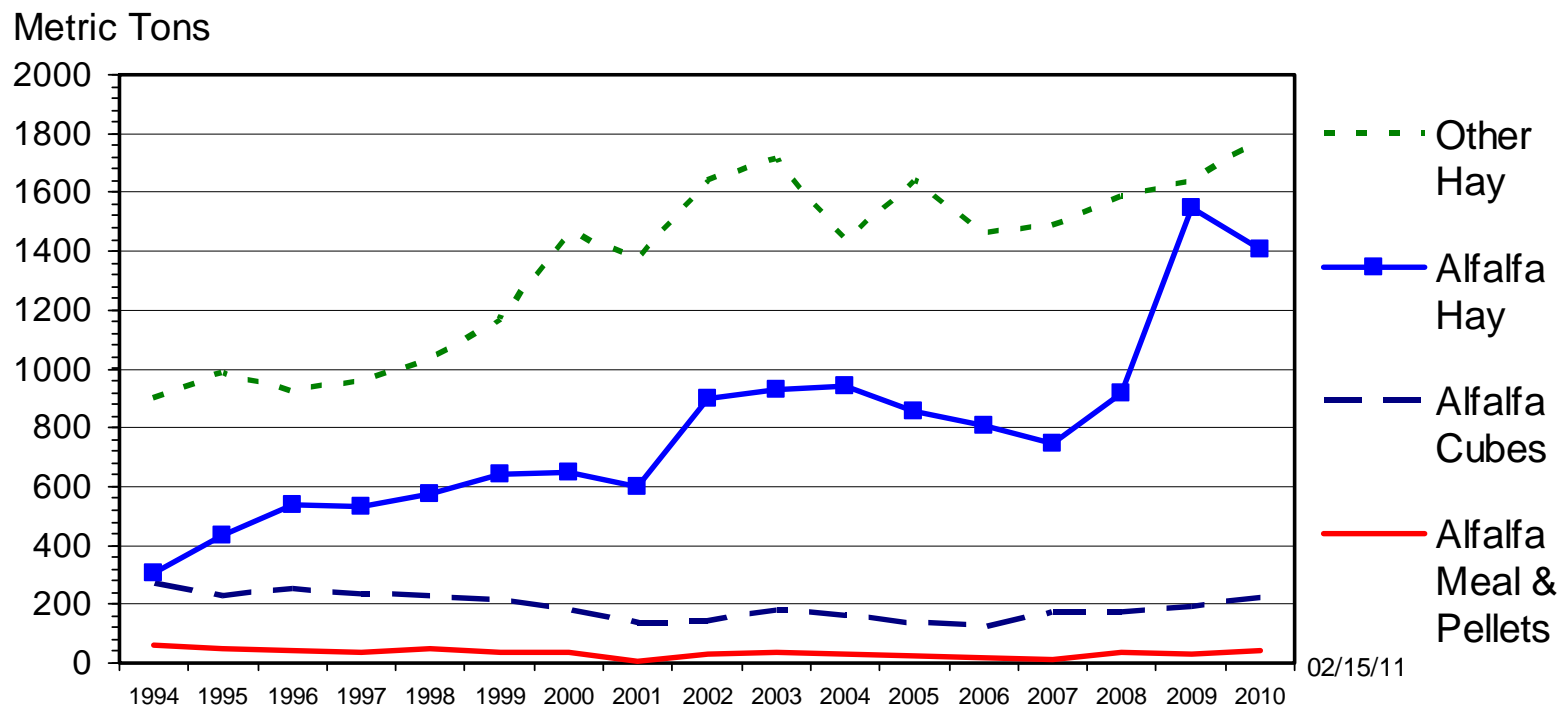


Summary of Livestock Factors

- High beef cattle prices are good for at least two reasons:
 - Suggests herd expansion is coming soon
 - Makes it more economical to feed cows hay
- Dairy herd continues to consolidate
 - Larger farms tend to be more specialized and willing to contract with local or regional growers.
 - Increasing emphasis on forage-based systems increases demand for hay or baleage.
- Rapidly expanding goat and sheep market provides another often overlooked target market.

Hay exports have become more important

U.S. HAY & HAY PRODUCT EXPORTS Annual

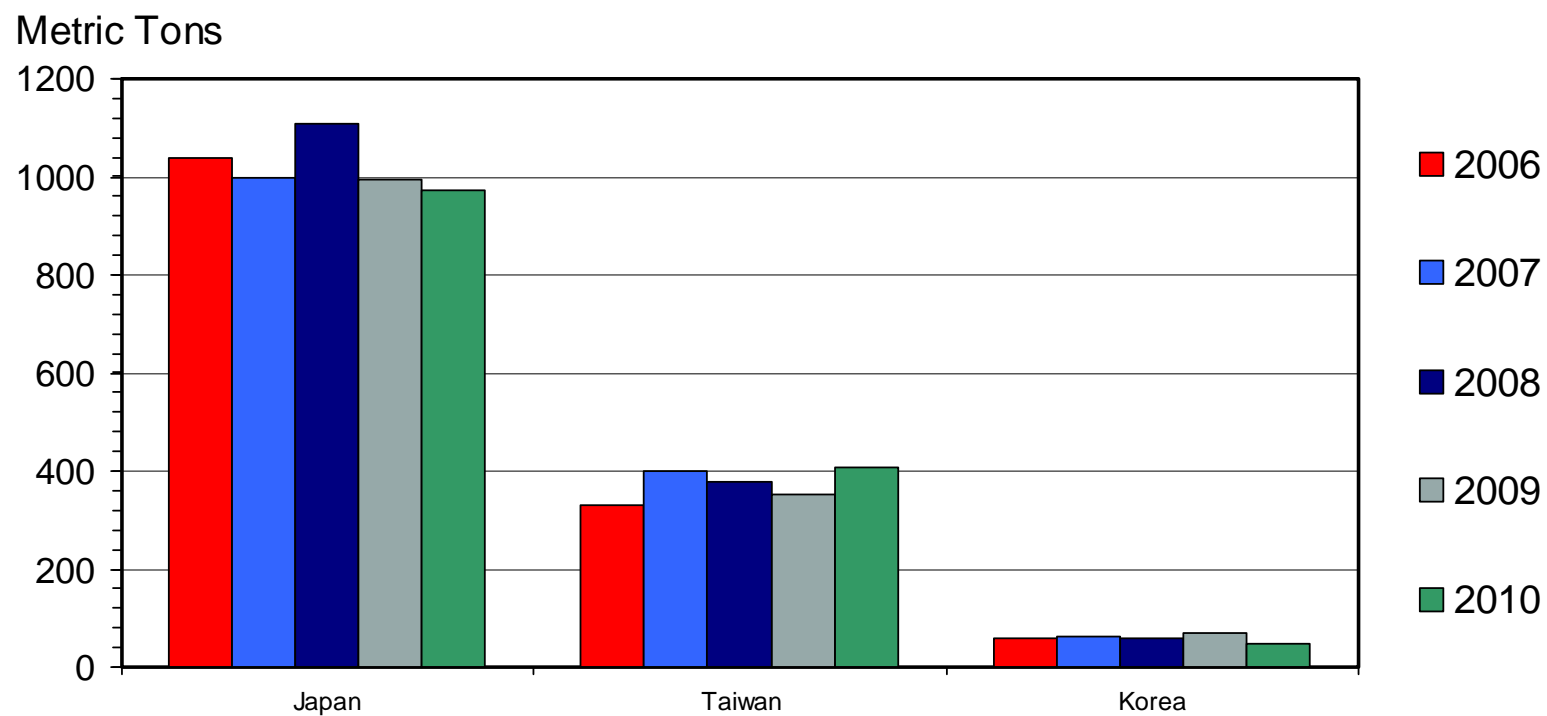


Livestock Marketing Information Center

Data Source: USDA-FAS, Compiled & Analysis by LMIC

OTHER HAY EXPORTS

Annual



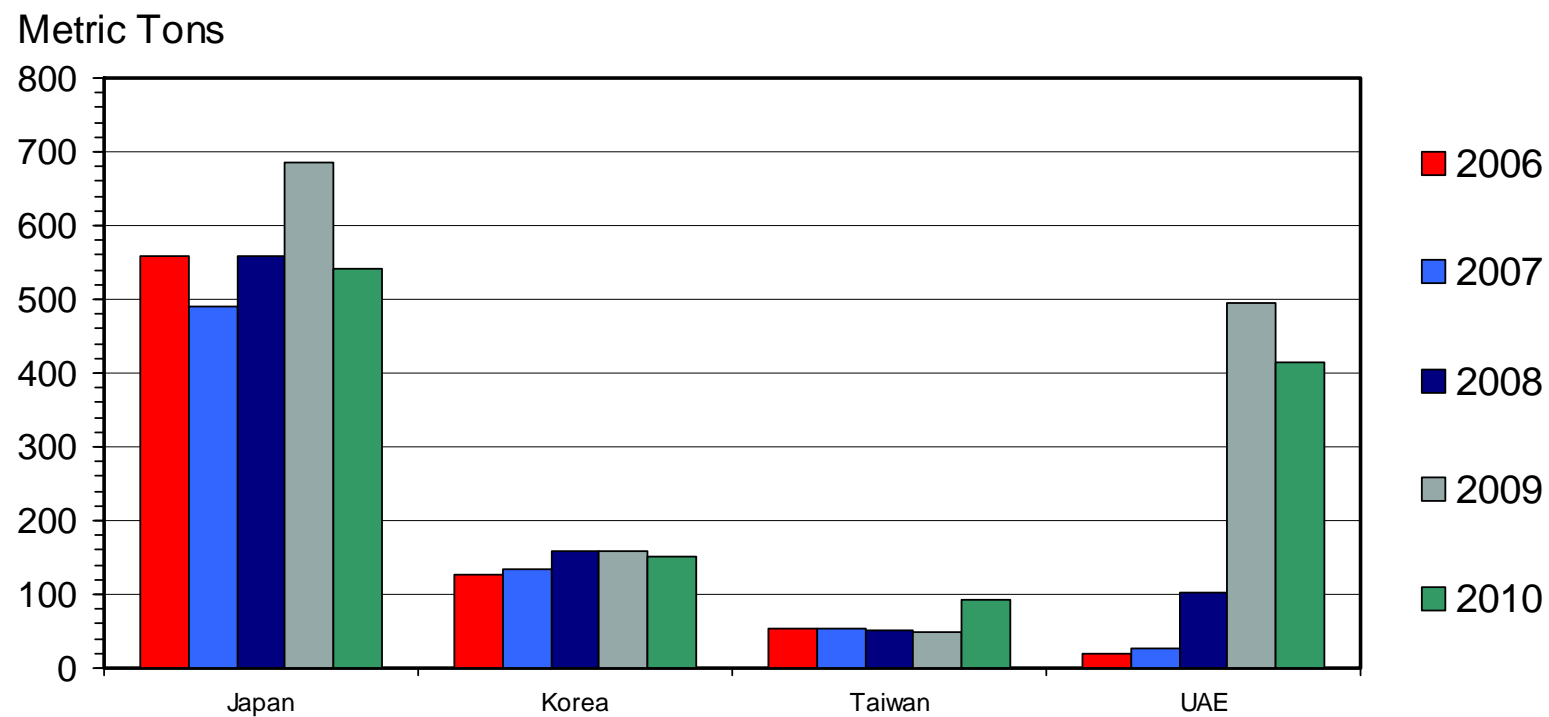
Livestock Marketing Information Center

02/15/11

Data Source: USDA-FAS, Compiled & Analysis by LMIC

ALFALFA HAY EXPORTS

Annual

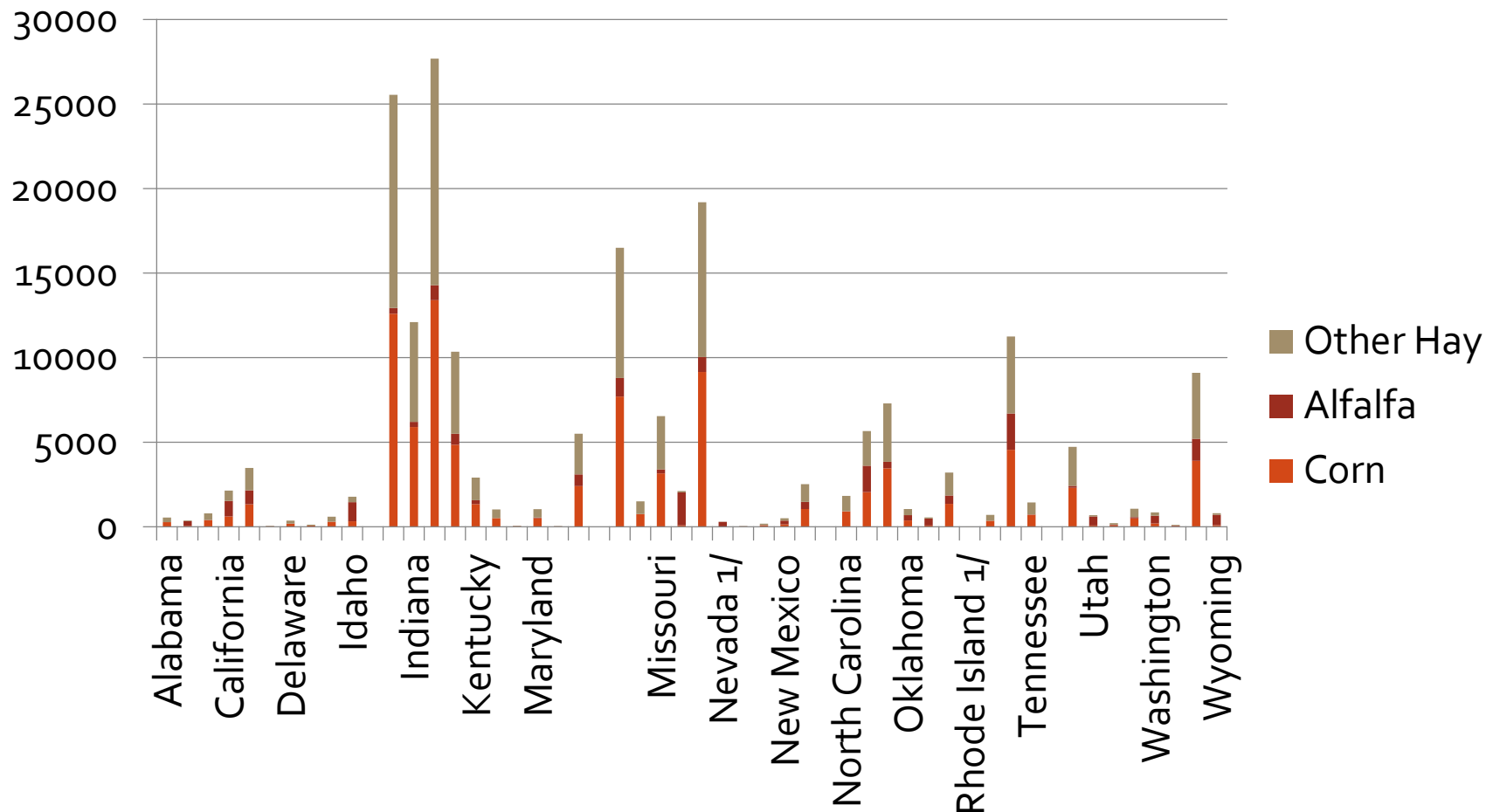


Livestock Marketing Information Center

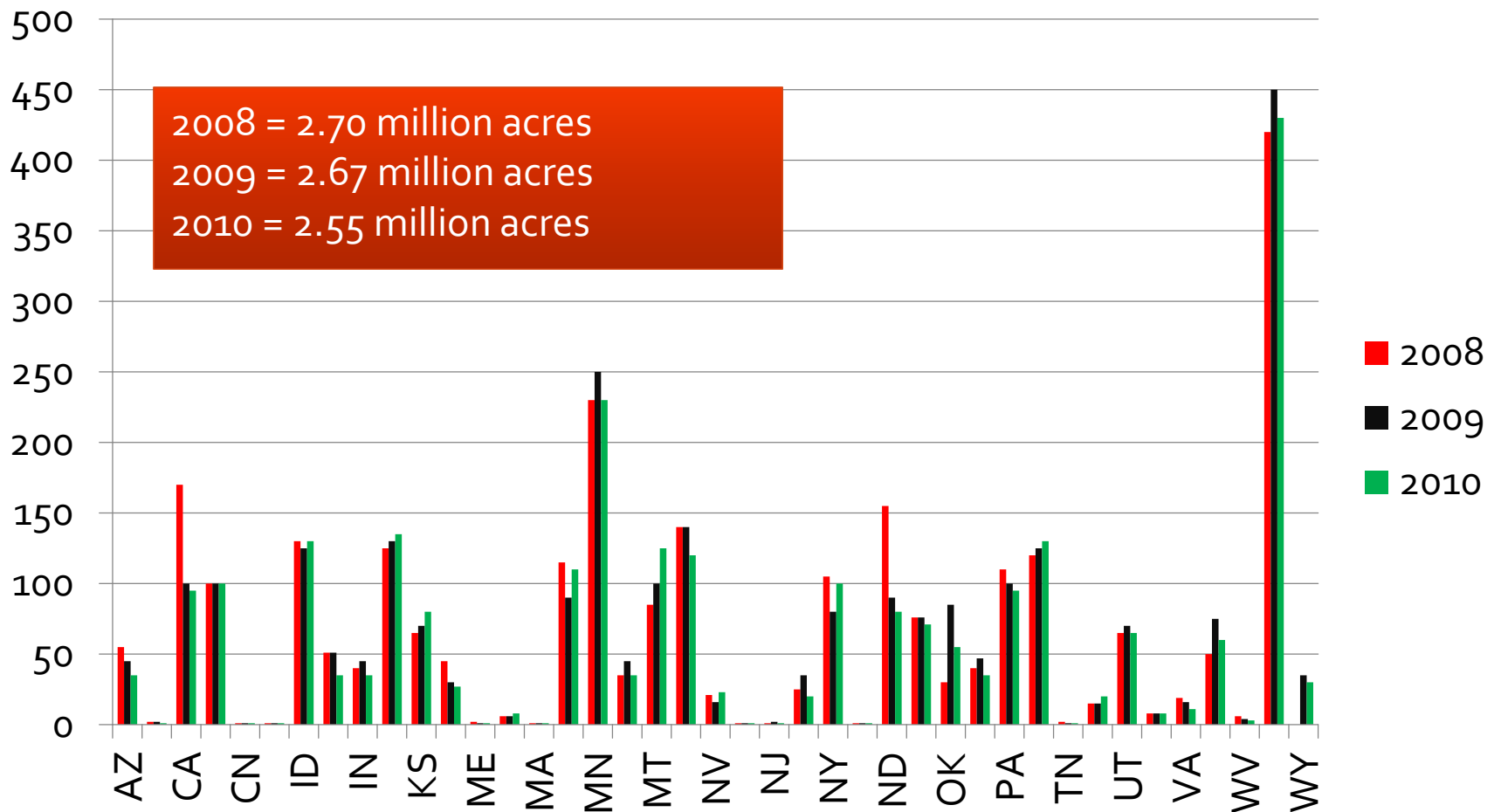
02/15/11

Data Source: USDA-FAS, Compiled & Analysis by LMIC

Will hay acres decline in 2011?



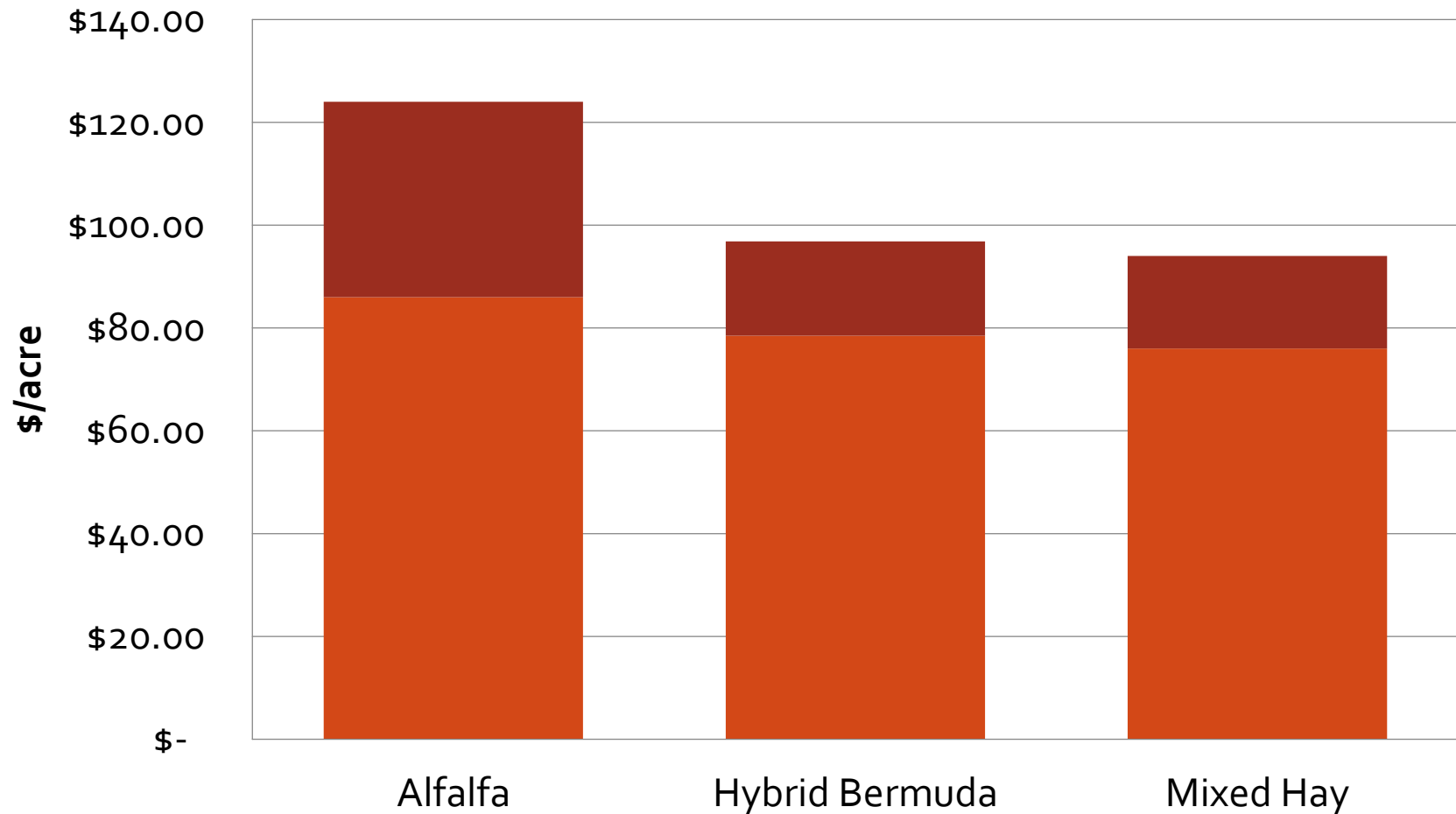
US Alfalfa Seedings 2008-2010



Projected Prices for 2011

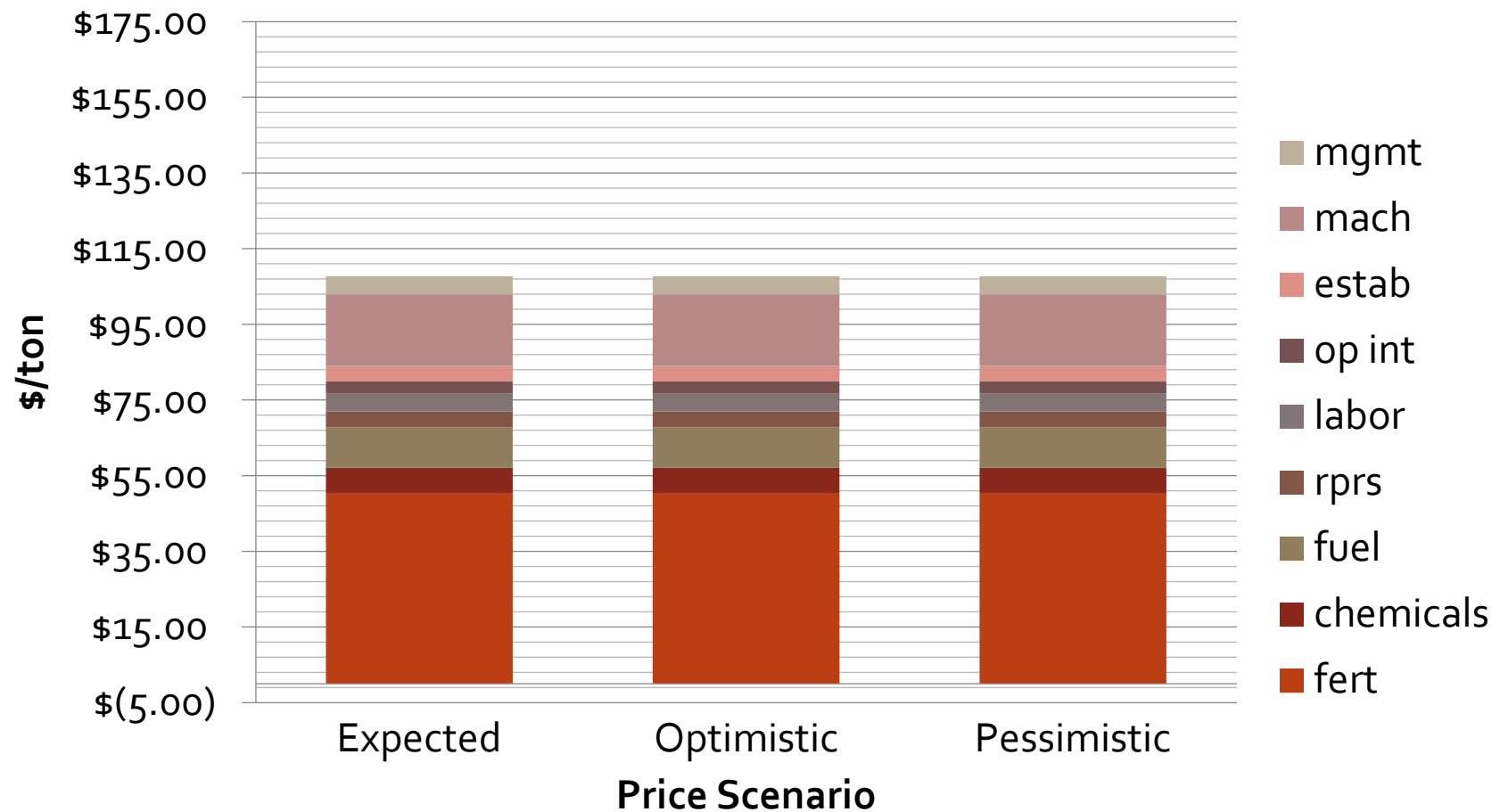
Item	U.S. All Hay	Southeastern All Hay
Stocks May 1	20.60	3.52
Total Production	143.80	25.34
Total Supply	164.40	28.86
Disappearance	146.50	24.88-25.8
Ending Stocks	17.90	3.06-3.98
Season Average Price	\$131 per ton	\$125-\$135 per ton Good quality Bermuda Hay

Estimated 2011 Hay Production Costs



Source: University of Georgia

Projected Costs and Profits 2011



Summary

- 2011 could be a very interesting one for hay producers.
- Tight supplies and an improving economy will likely increase demand.
- However, higher input prices could reduce costs enough to lower profits.

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Questions?



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