

MARKET SNAPSHOT

**HAY**

Sept. 30, 2020



**Executive Summary**

Drivers for the hay industry include government payments, disruptive weather and trade.

- Fewer acres and rain damage supported high quality timothy prices.
- Volatility in milk prices continues hand-to-mouth dairy hay purchases.

**12-Month Profitability Outlook**



Northwest FCS' 12-month outlook for the hay industry is varied. Rain disrupted first cutting and smoke in September slowed drying times for late cuttings. Export volume slowed during the summer as traders assessed exportable supplies. Individual producer profitability will depend on the ratio of high and low quality hay.

**Northwest Situation**

In the **Washington-Oregon Columbia Basin**, rain delayed first cutting timothy as much as 10 days past optimal harvest timing. Supplies of high quality timothy were set to be lower with few acres. The combination of fewer acres and delayed harvest constricted supplies of dairy- and horse-grade timothy. Supplies of mid- and low quality timothy are ample.

Harvest conditions for second cutting were favorable. Prices for high quality second cutting held higher than normal as supplies of high quality first cutting remained limited.

Like first cutting timothy, first cutting alfalfa received significant rain damage. Second and third cutting harvest conditions were near ideal until the second week in September when regional wildfires created dense layers of smoke that blocked UV rays and slowed field drying times.

High quality timothy in three-tie bales is trading around \$230 per ton for premium quality at the stack. Good quality in 3x4 big bales and three tie is trading between \$200 and \$235 per ton at the stack while fair quality offers range between \$120 and \$150 per ton.

Premium and supreme alfalfa in three-tie bales is trading between \$220 and \$240 per ton. Good to premium alfalfa in 3x4 big square bales is trading around \$170 per ton; big bales of fair to good quality is trading around \$150 per ton.

In **Montana**, alfalfa/grass prices per ton range from \$90 for fair quality to \$130 for premium quality hay. Grass hay is selling for \$85-\$125. Dry conditions in areas of Montana and western North Dakota are causing a decline in dryland hay production and may draw on inventories in western Montana.

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In **Idaho**, rain disrupted cutting. Supreme hay continues to trade between \$180 and \$190 per ton or around \$1 per RFV point. Good to premium prices range from \$140-\$170 per ton, and fair quality prices range from \$130-\$150 per ton.

Demand in the **Oregon-California Klamath Basin** is favorable with tightening supplies. Drought limited irrigation water and hindered regional production. Premium alfalfa in small square bales is trading around \$245-\$250 per ton. Small square bales of orchard grass are trading between \$230 and \$250 per ton. Big bales of premium alfalfa are trading around \$185 per ton.

### Coronavirus Food Assistance Program (CFAP 2)

The USDA released its second round of the coronavirus food assistance program. CFAP 2 now includes alfalfa. In the revisions, alfalfa producers may receive payments of \$15 per acre. Enrollment at the USDA Farm Service Agency runs from Sept. 21 to Dec. 11.

### US Hay Exports

After setting a new export record in April, alfalfa exports slowed. Rain-damaged first

cutting did not excite buyers. Exporters waited to assess quality in subsequent cuttings. West Coast alfalfa exports to China increased 80% year over year. This comes with year-over-year reduction in tariffs following the phase one trade deal.

Tariff exemptions on alfalfa allowed trade to resume in September 2019. The exemption, set to expire in September 2020, was extended for another year.

Exports to the Middle East eased but were offset by recovery in Chinese exports. Total alfalfa exports are up 15% January to July. Shipping container availability and ship sailings have stabilized following supply imbalances induced by COVID-19.

Grass hay exports grew 4% January to July. Japan increased imports 8% and South Korea imports increased 3%. China's imports of grass hay nearly doubled and while favorable, exports still comprise warm season grasses from the Pacific Southwest. Timothy trades to China have been confirmed, but the market remains immature.

### US Alfalfa Exports

Destination	Jan-Jul 2019	Jan-Jul 2020	Difference (metric tons)	Percent change
China	376,487	676,410	299,923	80%
Japan	413,058	390,482	(22,576)	-5%
Saudi Arabia	261,271	209,534	(51,737)	-20%
United Arab Emirates	177,461	108,678	(68,783)	-39%
South Korea	133,833	152,665	18,832	14%
Taiwan	40,272	61,669	21,397	53%
Canada	28,477	26,184	(2,293)	-8%
Other	17,850	44,207	26,357	148%
<b>Total</b>	<b>1,448,709</b>	<b>1,669,829</b>	<b>221,120</b>	<b>15%</b>

## US Grass Exports

Destination	Jan-Jul 2019	Jan-Jul 2020	Difference (metric tons)	Percent change
Japan	451,108	488,601	37,493	8%
South Korea	189,422	195,758	6,336	3%
Taiwan	74,009	71,335	(2,674)	-4%
United Arab Emirates	32,709	20,270	(12,439)	-38%
China	7,375	20,708	13,333	181%
Canada	10,712	6,061	(4,651)	-43%
Other	17,462	12,804	(4,658)	-27%
<b>Total</b>	<b>782,797</b>	<b>815,537</b>	<b>32,740</b>	<b>4%</b>

Source for both tables: U.S. Census Bureau.

Sept. 10, 2020

## Alfalfa Guidelines for Domestic Livestock Use and Not More than 10% Grass

Quality	ADF	NDF	RFV*	TDN** (100%)	CP
Supreme	<27	<34	>185	>62	>22
Premium	27-29	34-36	170-185	60.5-62	20-22
Good	29-32	36-40	150-170	58-60	18-20
Fair	32-35	40-44	130-150	56-58	16-18
Utility	>35	>44	<130	<56	<16

\*Relative Feed Value calculated using the Wisconsin/Minnesota formula \*\*Total Digestible Nutrients calculated using the Western formula. Quantitative factors are approximate; many factors can affect feeding value. Values based on 100% dry matter. Guidelines are to be used with visual appearance and intent of sale (usage).

Source: USDA Agricultural Marketing Service.

### Additional Information

Northwest FCS Business Management Center  
[www.northwestfcs.com/Resources/Industry-Insights](http://www.northwestfcs.com/Resources/Industry-Insights)

Hay & Forage Grower  
[www.hayandforage.com](http://www.hayandforage.com)

USDA Livestock and Grain Market News  
<https://www.ams.usda.gov/market-news>

Progressive Forage  
[www.progressiveforage.com](http://www.progressiveforage.com)

USDA Hay Reports  
<https://www.ams.usda.gov/market-news/hay-reports>

Australian Fodder Industry Association  
<https://www.afia.org.au/>

The Hoyt Report  
<http://thehoytreport.com>

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