



Hay and Feedstuffs Outlook

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Outline

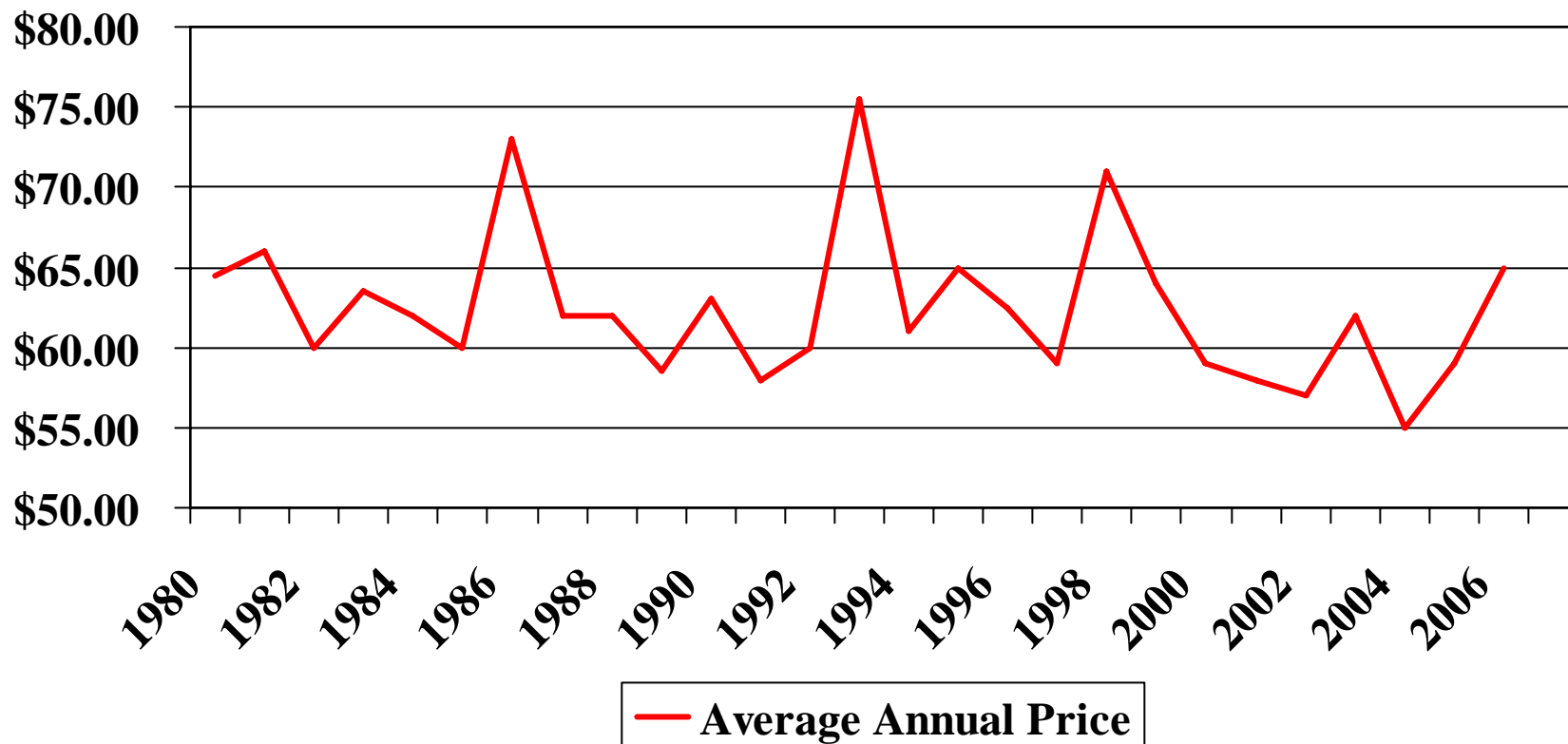
1. Hay situation and outlook
2. Other feedstuffs outlook
3. Implications and risk management strategies

Hay Situation & Outlook

A green tractor with a hay conditioner attachment is shown in a field of cut hay. The tractor is moving from left to right, leaving a trail of conditioned hay behind it. The field is filled with rows of cut hay, and the background shows a line of trees under a clear blue sky.

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Georgia Hay Prices 1980-2007

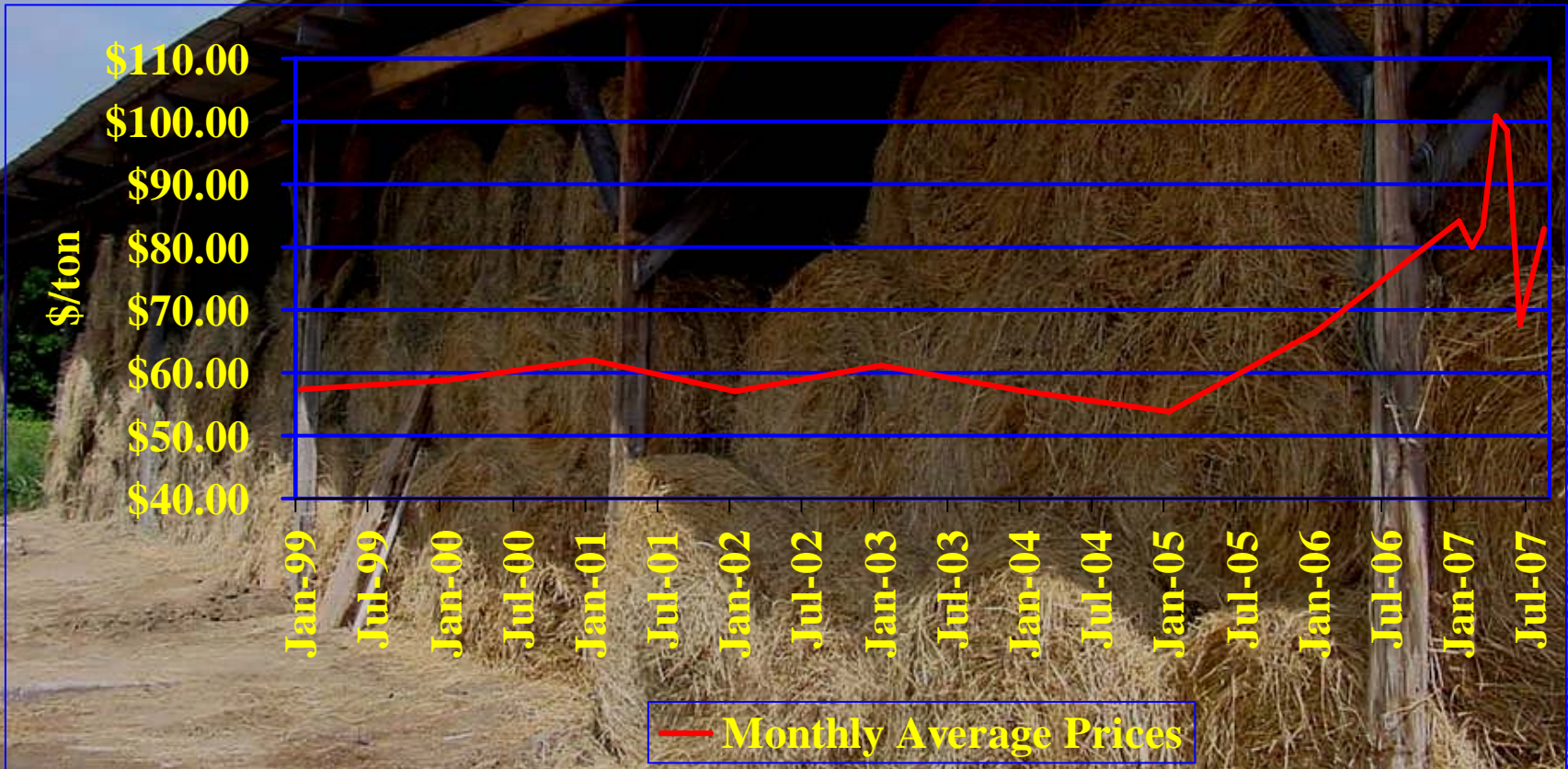


2007 Southern Region Outlook Conference

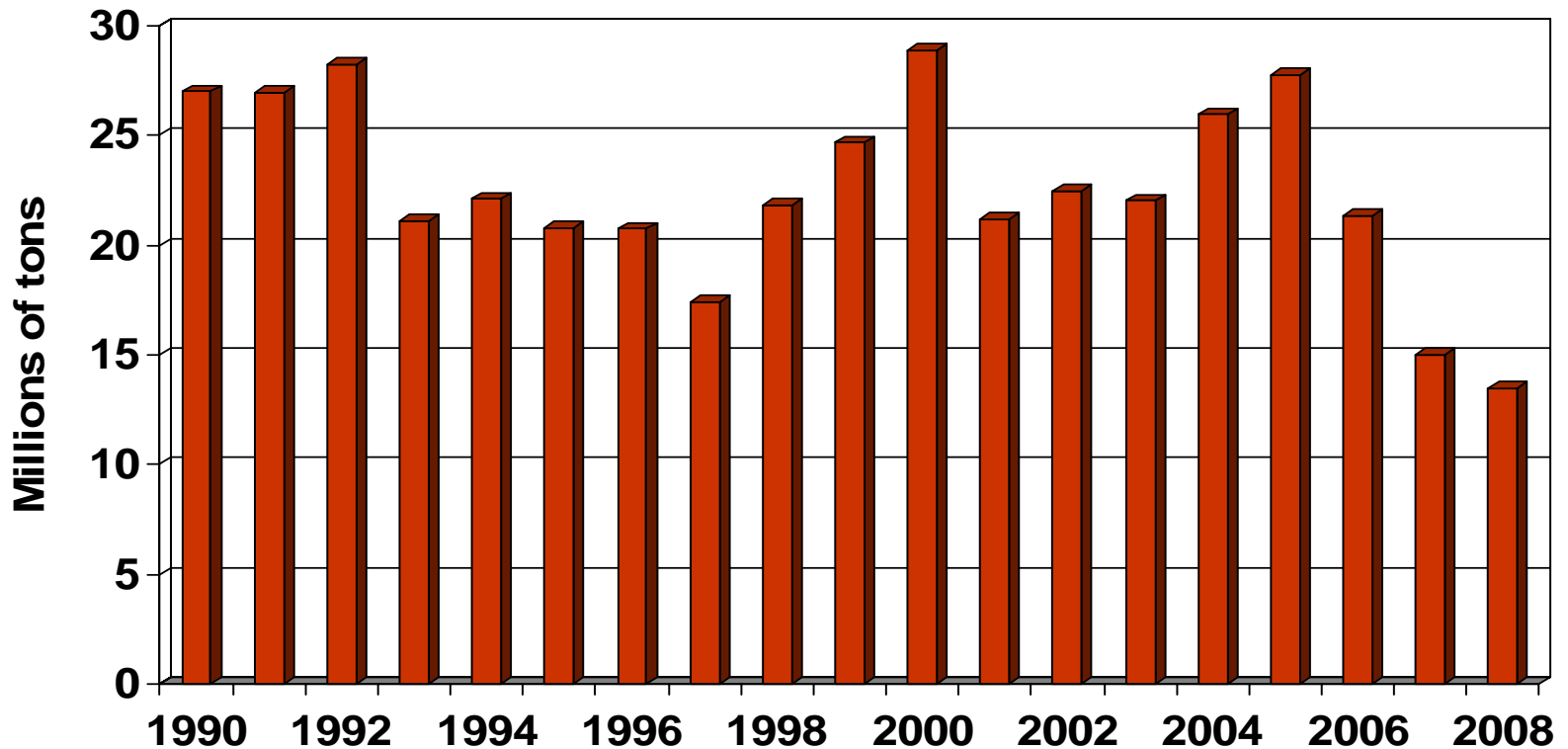
September 24-26, 2007



Southeast Monthly Hay Prices Good Bermuda Hay 1999-2007



U.S. Hay Stocks May 1



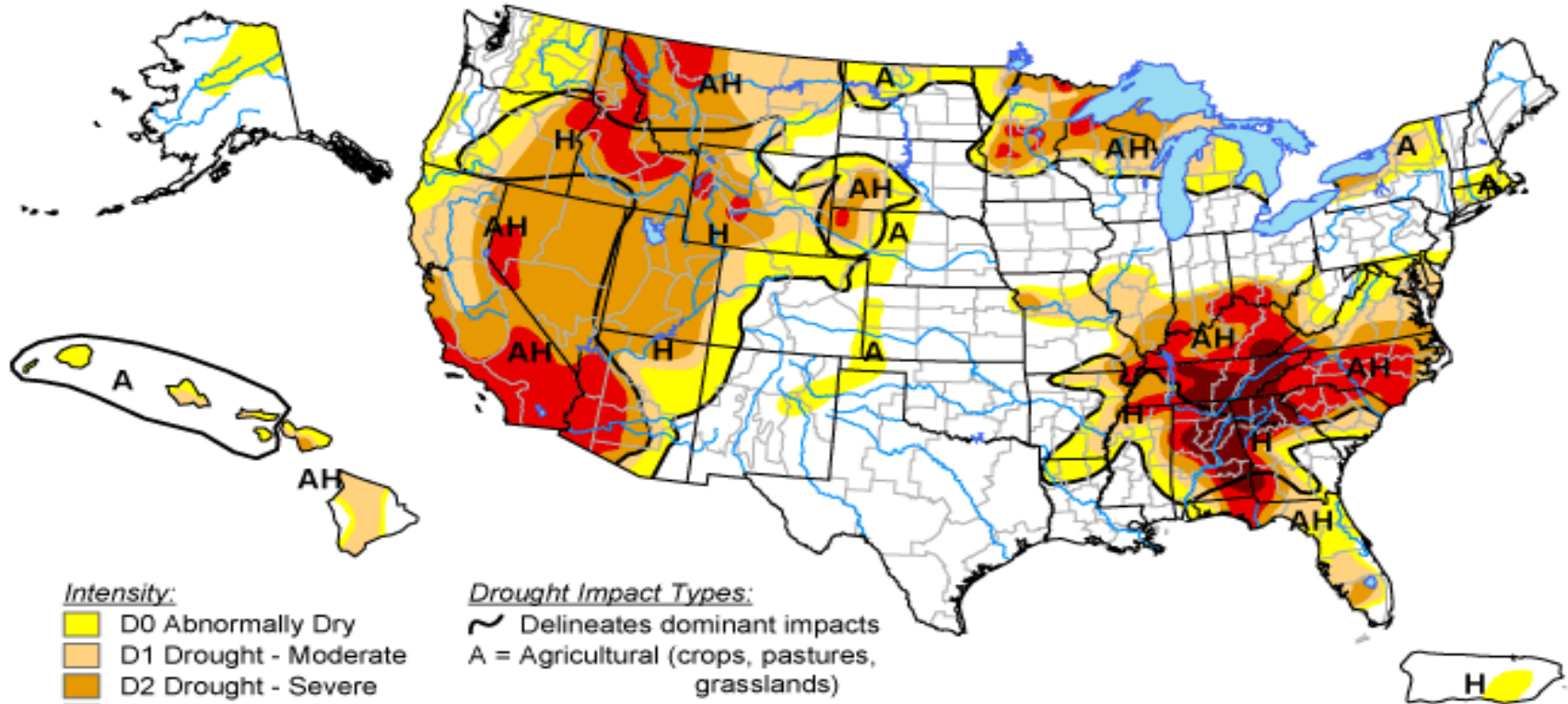
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U.S. Drought Monitor


September 18, 2007
Valid 8 a.m. EDT



Intensity:

-  D0 Abnormally Dry
-  D1 Drought - Moderate
-  D2 Drought - Severe
-  D3 Drought - Extreme
-  D4 Drought - Exceptional

Drought Impact Types:

-  Delineates dominant impacts
- A = Agricultural (crops, pastures, grasslands)
- H = Hydrological (water)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

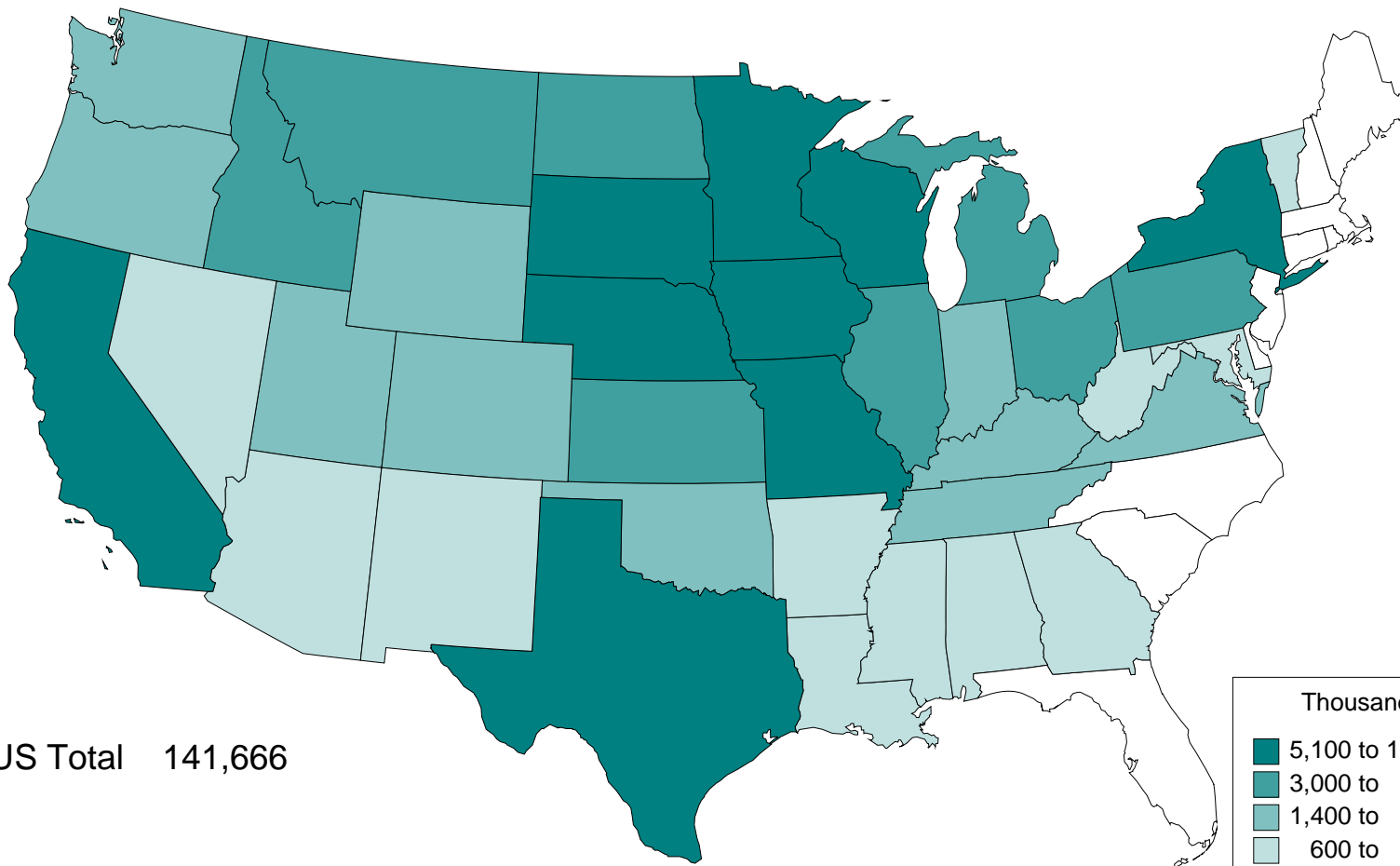
<http://drought.unl.edu/dm>



Released Thursday, September 20, 2007
Author: David Miskus, JAWF/CPC/NOAA



2006 TOTAL HAY PRODUCTION



US Total 141,666

Livestock Marketing Information Center

Data Source: USDA/NASS

U.S. Drought Monitor

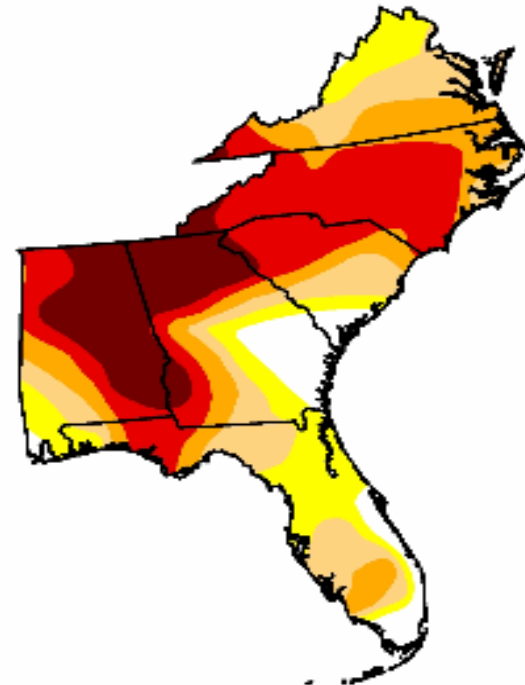
Southeast

September 18, 2007

Valid 7 a.m. EST

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	8.2	91.8	76.7	58.1	41.7	15.9
Last Week (09/11/2007 map)	5.7	94.3	80.6	62.7	44.7	19.2
3 Months Ago (06/26/2007 map)	3.0	97.0	68.4	42.8	26.4	8.1
Start of Calendar Year (01/02/2007 map)	52.2	47.8	10.2	1.5	0.0	0.0
Start of Water Year (10/03/2006 map)	47.0	53.0	33.2	0.0	0.0	0.0
One Year Ago (09/19/2006 map)	52.6	47.4	28.3	0.0	0.0	0.0



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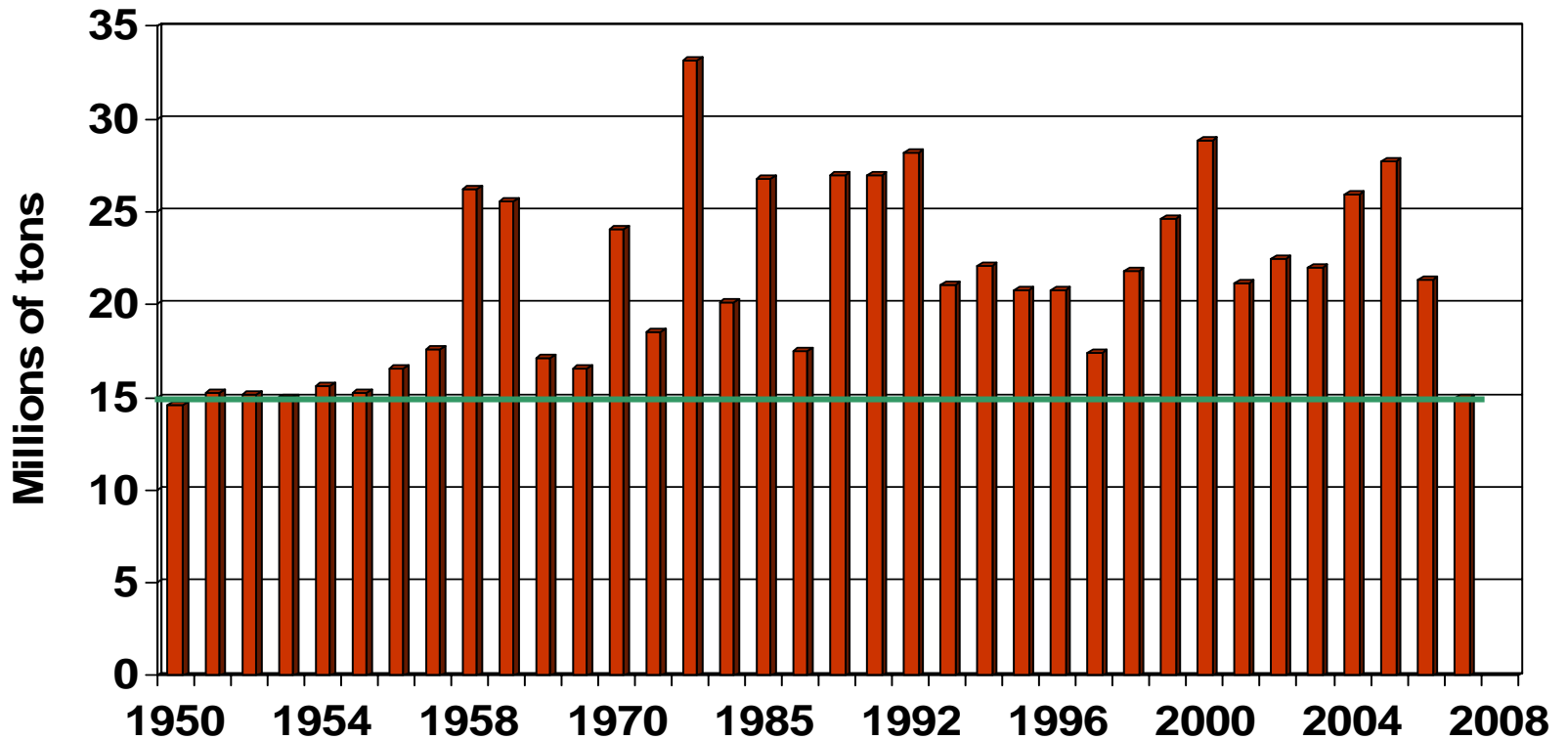
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U.S. Hay Stocks May 1

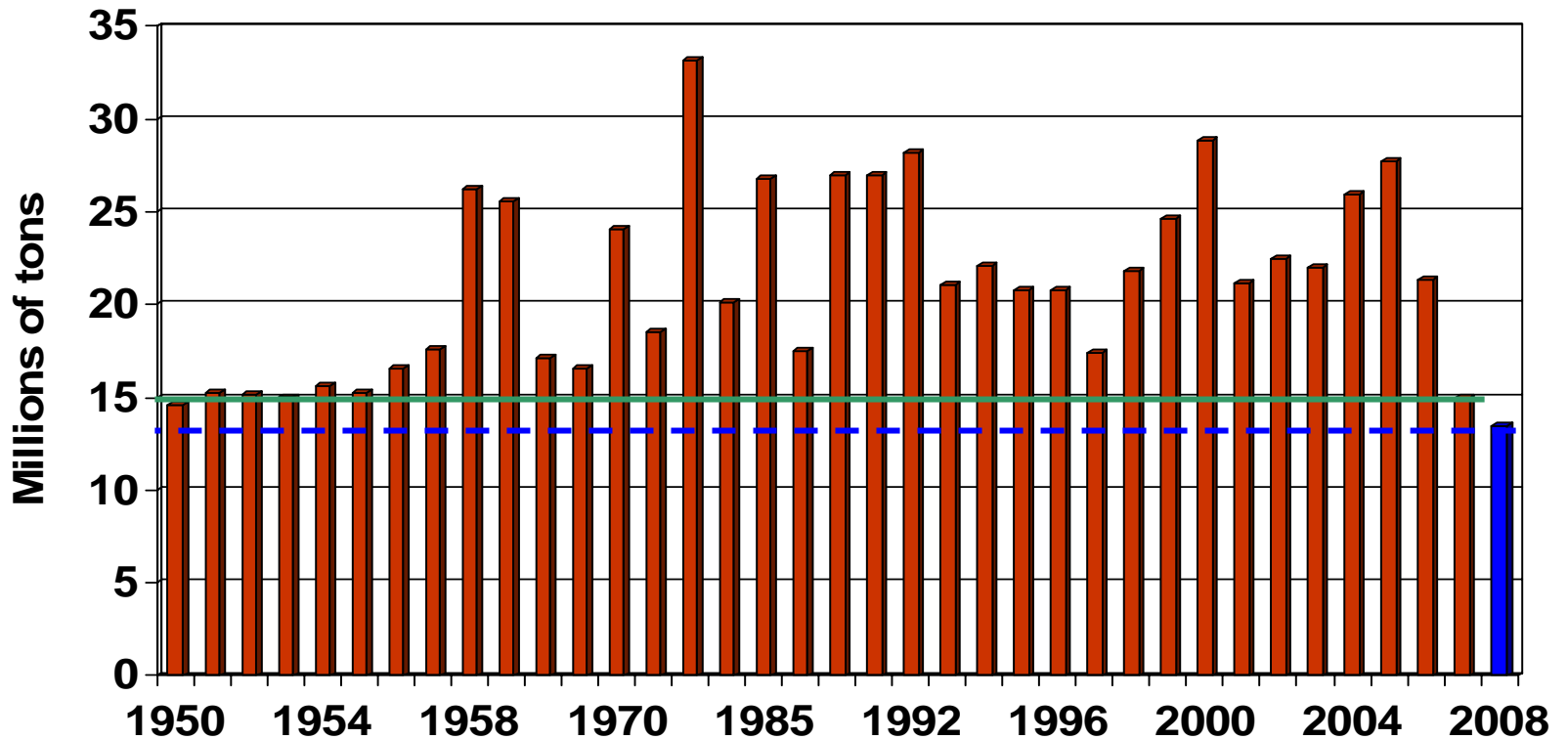


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U.S. Hay Stocks May 1



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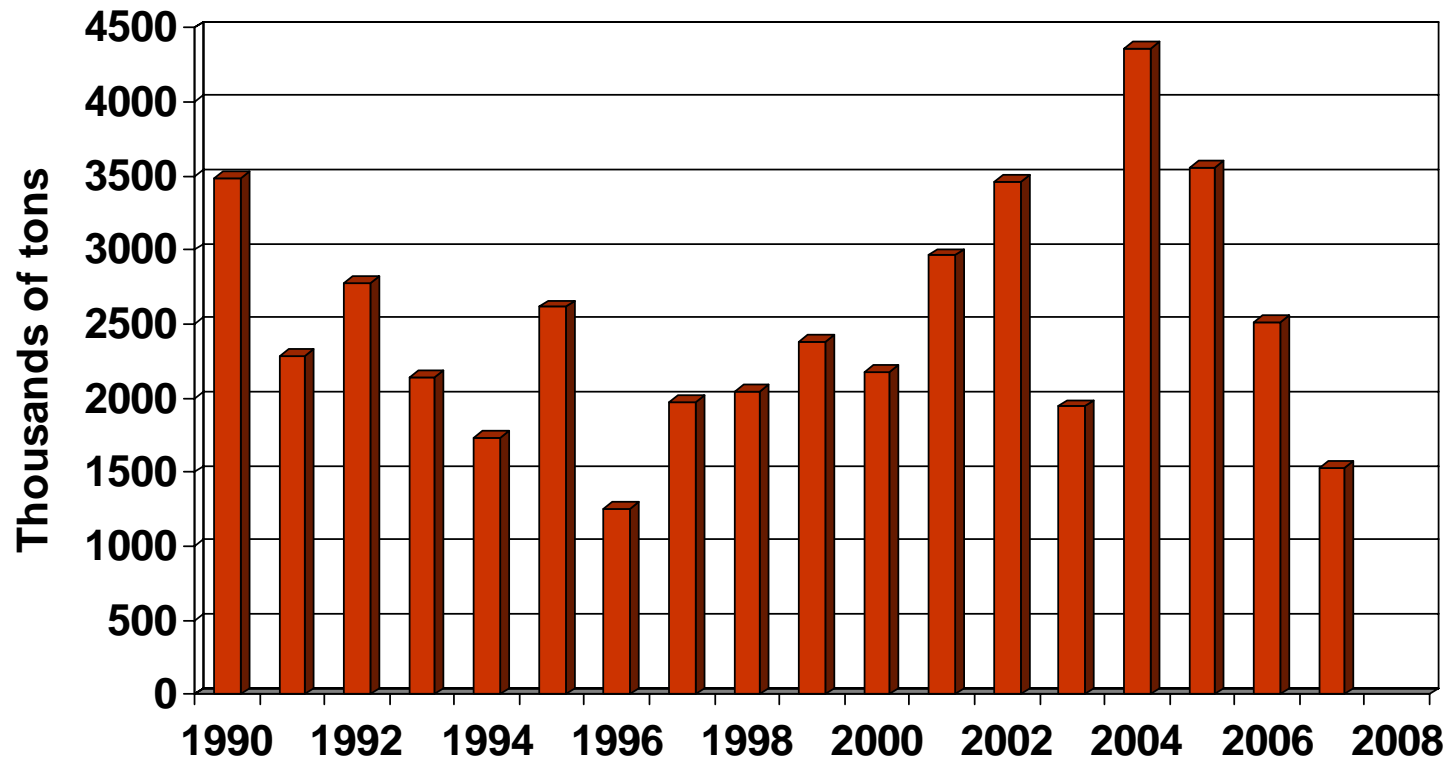
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Projected Supply, Utilization and Prices for U.S. and Southeastern Hay

	U.S. (million tons)
Stocks May 1	15.0
Total Production	146.5
Total Supply	161.5
Disappearance	147.8
Ending Stocks	13.7
Season Average Price	\$115.0

Southeastern U.S. Hay Stocks May 1



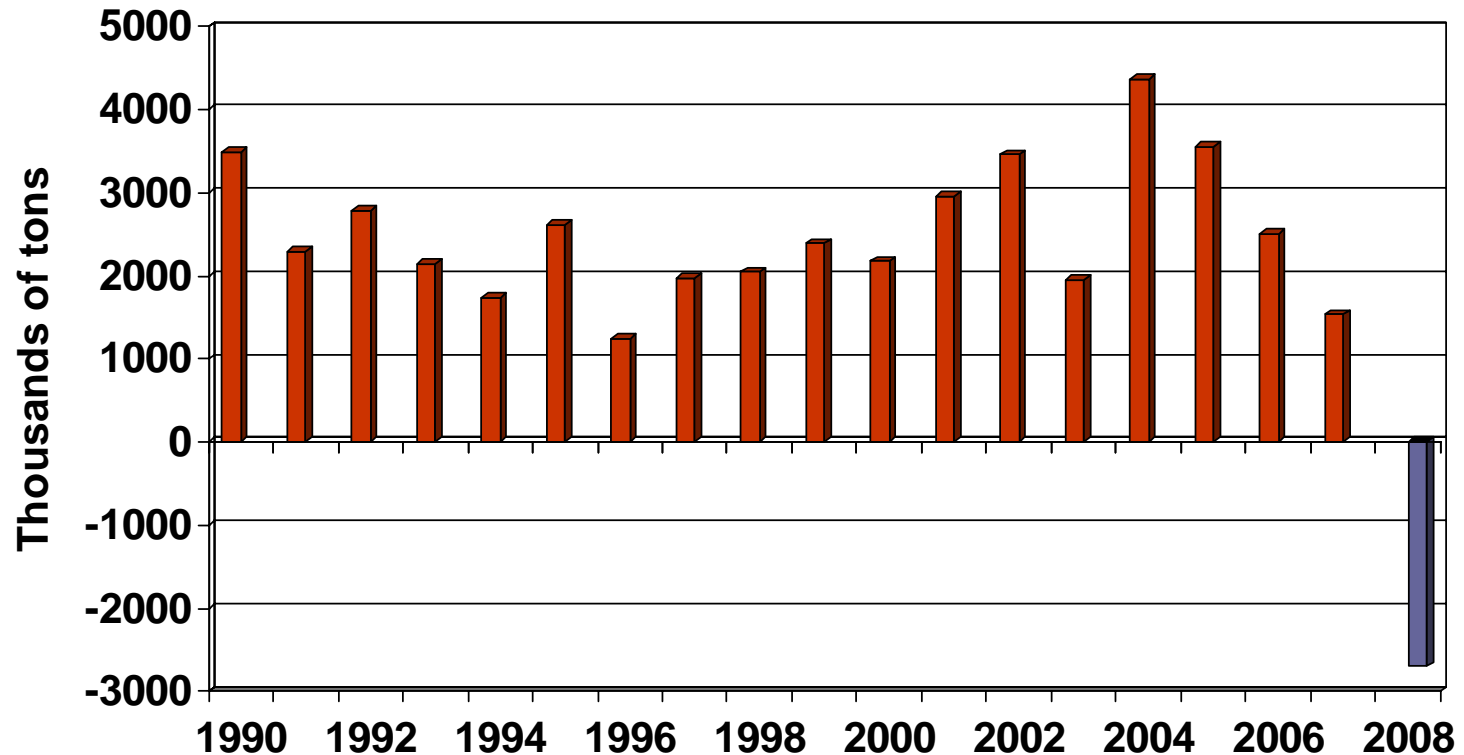
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Southeastern U.S. Hay Stocks

May 1



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Projected Supply, Utilization and Prices for U.S. and Southeastern Hay – USDA Yields

	U.S. All Hay (million tons)	Southeastern U.S. Million Tons (USDA)
Stocks May 1	15.0	1.54
Total Production	155.4	13.87
Total Supply	170.4	15.41
Disappearance	151.4	17.62
Ending Stocks	13.7	(2.21)
Season Average Price	\$115.0	<i>\$85-\$105 Good Bermuda hay price</i>

Projected Supply, Utilization and Prices for U.S. and Southeastern Hay - Extension Yields

	U.S. All Hay (million tons)	Southeastern U.S. Million Tons (Ext. Spec.)
Stocks May 1	15.0	1.54
Total Production	155.4	12.40
Total Supply	170.4	13.94
Disappearance	151.4	17.62
Ending Stocks	13.7	(3.68)
Season Average Price	\$115.0	<i>\$85-\$150</i> <i>Grass hay price</i>

Other Feedstuffs

Other Feedstuffs

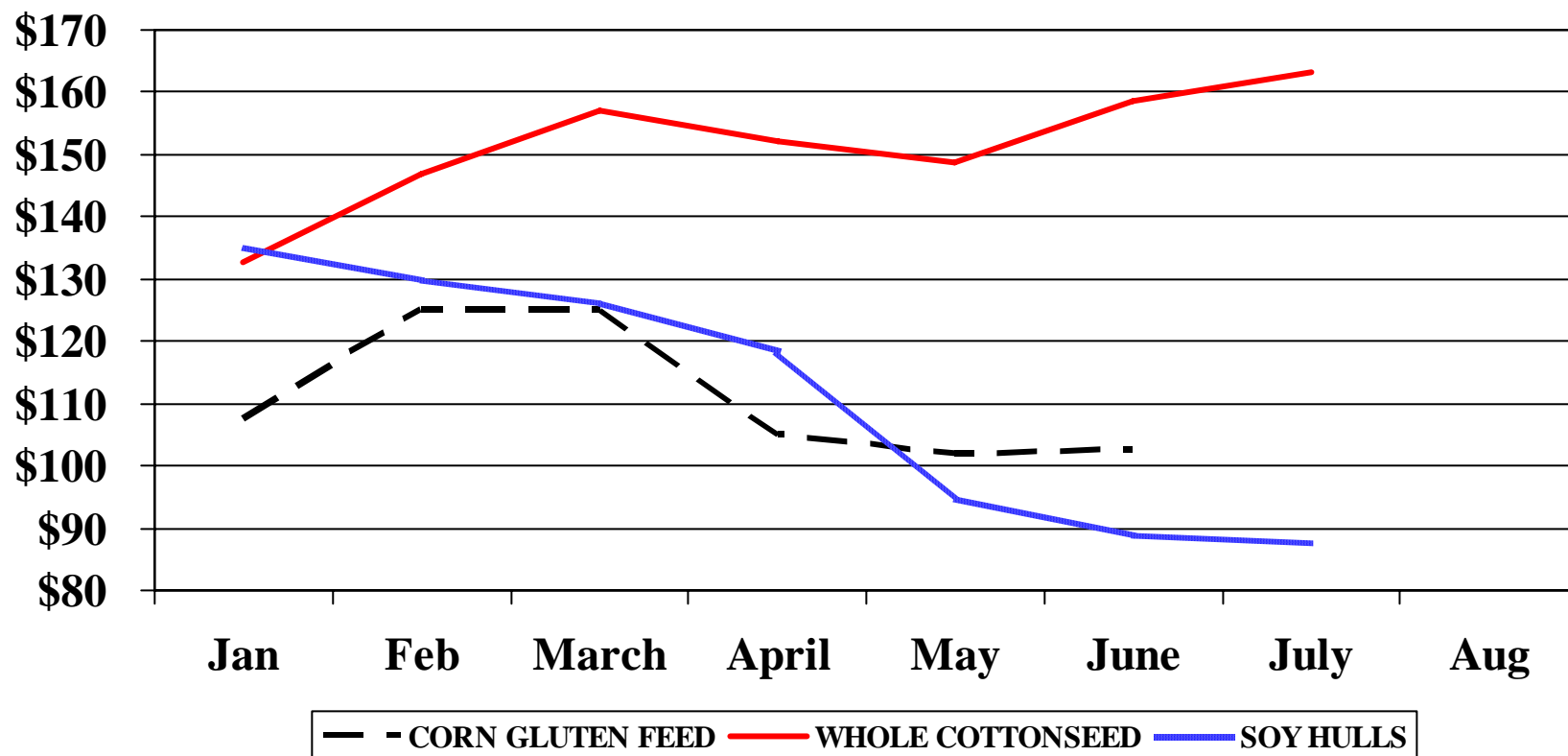
Protein

- Soybean meal
- Cottonseed meal
- DDGS
- Brewer's grains
- Whole cottonseed
- Corn gluten

Energy

- Whole cottonseed
- Corn grain
- DDGS
- Corn gluten
- Citrus pulp
- Soyhulls

2007 Prices for Selected Feedstuffs


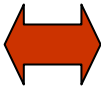



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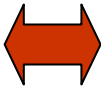



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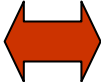





Other Feedstuffs Situation & Outlook

Commodity (complex)	2007 Beginning Stocks	2007 Acreage	2007 Production	2007-2008 Price
Corn (grain, gluten, distiller's grains)	1.14 bil. Bu.	+19%		 


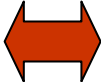







Other Feedstuffs Situation & Outlook

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Corn (grain, gluten, distiller's grains)	1.14 bil. Bu.	+19%		 
Soybean (hulls/meal)	600 mil. Bu.	-15%		

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Cottonseed (seed, meal, hulls)	560,000 tons	-28%		

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Soybean (hulls/meal)	600 mil. Bu.	-15%		
Cottonseed (seed, meal, hulls)	560,000 tons	-28%		
Peanut (hay and skins)	N/A	-5%		

Other Factors

- La Nina Watch
- Wheat market
- Hay for mulch
- Horse slaughter ban

Implications and Considerations

Hay Cost Economics

Total Cost of hay = Purchase Price + Cost of shipping/transportation

Example

Producer can buy 1,000 # (4'X5') round bales from South LA for \$50/bale plus trucking. Quoted rate is \$2.25/mile and it is a 550 mile trip. Truck can hold 38 bales.

Hay Cost Economics

$$\text{Trucking cost per bale} = \frac{550 \text{ miles} \times \$2.25/\text{mile}}{38 \text{ bales}}$$

$$\text{Trucking cost per bale} = \frac{\$1,237.50}{38 \text{ bales}}$$

$$\text{Trucking cost per bale} = \$32.57$$

$$\text{Total cost/bale} = \$82.57 (\$50 + \$32.57)$$

If bales weigh 1,000 pounds, cost = \$165.13/ton

If bales weigh 850 pounds, cost = \$194.04/ton

Comparison of Alternative Feeds

Ingredient	\$/ton	%DM	\$/Ton Dry	% CP	%TDN	\$/ Lb. CP	\$/Lb.TDN
Good Quality Alf-Grass	\$ 200.00	85%	\$ 235.29	19%	55%	\$ 0.62	\$ 0.21
Good Quality Bermuda Hay	\$ 165.00	85%	\$ 194.12	13%	53%	\$ 0.75	\$ 0.18
Corn Gluten	\$ 125.00	90%	\$ 138.89	21%	80%	\$ 0.33	\$ 0.09
Soy Hull Pellets	\$ 120.00	91%	\$ 131.87	12%	80%	\$ 0.55	\$ 0.08
Citrus Pulp Pellets	\$ 176.00	91%	\$ 193.41	6%	82%	\$ 1.61	\$ 0.12
Cottonseed	\$ 165.00	93%	\$ 177.42	23%	92%	\$ 0.39	\$ 0.10
Corn	\$ 150.00	85%	\$ 176.47	9%	88%	\$ 0.98	\$ 0.10
Brewers Grain	\$ 19.00	24%	\$ 79.17	26%	70%	\$ 0.15	\$ 0.06
Dry Distillers Grain	\$ 140.00	92%	\$ 152.17	28%	88%	\$ 0.27	\$ 0.09
Winter Rye	\$ 8.57	20%	\$ 42.86	20%	75%	\$ 0.11	\$ 0.03
Ryegrass	\$ 6.00	20%	\$ 30.00	20%	75%	\$ 0.08	\$ 0.02

Summary

- Hay supplies will be extremely tight.
- Corn prices should moderate but other feeds will be higher.
- Prices for energy feeds may be lower.
- Prices for protein sources will be higher.
- Producer's should focus on \$/lb. of nutrient not \$/lb. of feed.