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text content
2011 Southeast Hay Convention
Hay Production Economics and Outlook

**Past Cost Estimates**

- Machinery
- Fuel
- Fertilizer

**Factors at Work**

**INPUTS**
- Demand for fertilizers
- Fuel costs
- Equipment costs

**PRICES RECEIVED**
- Number of hay consuming units.
- Economy
- Acres of hay

**Outlook**

Input situation and outlook

**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

**Fertilizer Prices 1997-2011**

- Nitrogen (AN)
- Phosphorous (DAP)
- Potash (Muriate)

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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

Outlook
Projected Supply and Demand

Tighter US stocks led to tighter prices this winter

Projected Supply and Demand

Southeastern Hay Acreage has continued to increase

Other fundamental factors

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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
Projected Prices for 2011

<table>
<thead>
<tr>
<th>Item</th>
<th>U.S. All Hay</th>
<th>Southeastern All Hay</th>
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<tbody>
<tr>
<td>Stocks May 1</td>
<td>20.60</td>
<td>3.52</td>
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<tr>
<td>Total Production</td>
<td>142.80</td>
<td>23.26</td>
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<tr>
<td>Total Supply</td>
<td>164.40</td>
<td>28.86</td>
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<td>Disappearance</td>
<td>146.50</td>
<td>24.88-25.88</td>
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<tr>
<td>Ending Stocks</td>
<td>17.90</td>
<td>3.06-3.98</td>
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<tr>
<td>Season Average Price</td>
<td>$131 per ton</td>
<td>$125-$135 per ton Good quality Bermuda Hay</td>
</tr>
</tbody>
</table>

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.
- Producers need to start thinking in terms of risk management and not just income minus expenses.

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