

How Do I Determine a Hay Price?

Andrew P. Griffith

UT Agricultural and Resource Economics

Hay equipment is being greased, tractors are being fueled, and hay producers are keeping an eye toward the sky in hopes of a few days of precipitation free weather to harvest hay. In the spring of the year, excess forage generally exists on most cattle farms and on fields with no grazing pressure. The excess forage is generally harvested and stored for use during the winter months or sold to other hay users.

Many folks know the general mechanics of mowing, raking, baling, and storing hay. However, the actual mechanics of harvesting and storing hay varies significantly from one producer to the next which can result in variability in the quality and quantity of hay produced and purchased. Thus, whether a hay producer is producing hay for their own use or for sale to other livestock owners, it is important the end user is aware of the relative feed value of the hay being produced or purchased.

“Quantity” can have two meanings in the hay business. A person producing hay is generally looking to maximize hay yield without sacrificing hay quality and without the fertilizer bill emptying the bank account. In general, a hay producer can increase fertilizer application and subsequently increase hay yield, but such a decision does increase total cost. (Increasing the quantity of fertilizer applied does not necessarily increase marginal cost, cost of the next unit, which is generally a more important value than total cost.) Similarly, a hay producer can delay forage harvest past the highest quality forage standpoint and increase yield, but it is at the expense of forage quality.

The second definition of “quantity” comes from the standpoint of someone purchasing hay. In many instances, hay is purchased on a price per bale basis. However, not all hay bales are created equal. First off, there are many different dimensions of hay bales (4X5, 5X5, 5X6, etc.). Then there are round bales, large square bales, and small square bales. It would seem obvious a 5X6 round bale should weigh more than a 4X5 round bale, but many folks do not think about how much variation can exist among bales of the same dimensions. The failure to recognize that bales of the same dimensions may vary in weight by 30 to 40 percent from the lightest to the heaviest can result in significant costs. A number of factors can contribute to the weight of a hay bale such as baler tension, variable versus fixed chamber, hay moisture content, etc.

Quantity is not the only factor that should determine hay price, especially from a buyer and hay user standpoint. Quality should also be a consideration. Hay harvest and storage practices contribute significantly to hay quality and feed value. The more mature a stand of grass becomes, the more fibrous it becomes and generally the lower the protein, energy and total digestible nutrients. Even the time of day (morning versus afternoon) impacts the quality of hay. The method of hay storage is also a contributing factor. Many producers store hay outside which can result in as much as a 30 percent loss in quantity over 6 months and it certainly cannot help the quality. Alternatively, the average storage loss after six months in a barn is 5 percent.

Producers who are producing hay for use in their own cattle operation and cattle producers purchasing hay should look at the quantity and quality debate very similarly. Ultimately, the goal is to feed hay that meets or exceeds the minimum nutrient requirements for the lowest marginal cost possible. The difference between the cattle producer who is producing his or her own hay and the cattle producer purchasing hay is where the costs are managed. The person producing his/her own hay is managing the quantity and quality issue through their own cultural practices while also managing input costs. The hay purchaser is seeking out the best value hay given its quality and then is trying to locate the quantity necessary to meet the yearly feed needs.

For all hay users, it is a good practice to take hay samples and have them tested prior to feeding or purchase, but it is even more imperative for someone purchasing hay. Testing the nutrient value of

hay can provide valuable information when evaluating the price of hay from multiple sources. It can also be beneficial for hay purchasers buying hay by the bale to weigh several bales and determine an average weight when comparing hay prices across multiple hay sellers. A number of the folks selling hay to the beef cow industry do not know the exact weight or the quality of the hay being sold. Thus, it is up to the purchaser to do a little leg work to insure the best deal possible. Producers selling hay need to know their cost of production in order to appropriately price their product.