Hay Market Trends in California and the West

Seth Hoyt, The Hoyt Report
Supreme Alfalfa Hay Prices In Idaho
FOB Stack - Big Bales for Dairies
May through October 2016 and 2017

Source: The Hoyt Report
May 1
Hay Stocks
2017/2016 % CHANGE

Western States
-28%

Entire U.S.
-3%

Source: USDA-NASS
October 1 Alfalfa Hay Production Forecast
2017/2016 % CHANGE

Source: USDA-NASS
Alfalfa Hay Acres - June 30
2017/2016 % CHANGE

Source: USDA-NASS
October 1
Alfalfa Hay Yield
2017/2016 % CHANGE

Western States

Entire U.S.

Source: USDA-NASS
Imperial Valley Alfalfa Seed Acreage in July, 2008 - 2017

Source: Imperial Irrigation District
Alfalfa Hay Exports to China from Los Angeles/Long Beach Ports and Seattle/Tacoma Ports
January 2016 through September 2017

Source: U.S. Census Bureau Trade Data
West Coast Alfalfa Hay Exports to China
2016-2017

Source: U.S. Census Bureau
Washington Premium Export Alfalfa Hay
Big Bales - FOB Farm
June through October 2016-2017

Source: The Hoyt Report
Dairies in CA Continued to try and reduce feed costs

- By-Product Feeds
- Less Pounds of alfalfa hay
- Not producing milk at optimal level
  - CA milk production down
September Milk Production 2017/2016 % CHANGE

- WA -0.7%
- OR -2.8%
- ID +0.2%
- WA +3.1%
- NV NA
- UT +6.9%
- CO +7.4%
- AZ +4.0%
- NM

Western States -0.7%

Entire U.S. +1.1%

Source: USDA-NASS
Cost of Milk Production at Holstein
Dairies in California
2nd Quarter 2014 - 2nd Quarter 2017

Dollars per Hundredweight

Source: CDFA Dairy Marketing  *  Does not include return on Investment & mgt. costs
Average Pounds of Alfalfa Hay Fed per Head/per Day to Milk Cows in California, 2005-2017

Source: CDFA 2017 - * First Quarter **Second Quarter
Delivered Prices to Tulare-Hanford Dairies
Supreme Alfalfa Hay vs Rolled Corn
November 2015 to November 2017

Sources: Rolled Corn - Western Milling, Alfalfa Hay - The Hoyt Report
Supreme and Fair Alfalfa Hay
Delivered to Tulare-Hanford CA Dairies
March through September 2017

Source: The Hoyt Report

- Supreme
- Fair
Corn For Silage Acres, California
1999-2017

Source: USDA-NASS 2017 - Difference between all planted and harvested acres for grain
Corn For Silage Acres, Idaho
1999-2017

Source: USDA-NASS 2017 - Difference between all planted and harvested acres for grain
Other Hay Exports
West Coast Alfalfa Hay Exports to Japan
January 2016 through September 2017

Source: Japanese Port Data
West Coast Alfalfa Hay Exports to the UAE
January 2016 through September 2017

Source: U.S. Dept. of Commerce
PNW Timothy Hay Exports to Japan
January 2016 through Sep 2017

Source: Japanese Port Data
Canadian Timothy Hay Exports to Japan
January 2016 through September 2017

Source: Japanese Port Data
Australian Oaten Hay Exports to Japan
January 2016 through September 2017

Source: Japanese Port Data
West Coast Sudan Hay Exports to Japan
January 2016 through September 2017

Source: Japanese Port Data
Retail Hay
Imperial Valley Premium Retail Alfalfa Hay
May - Oct 2016 & 2017

Source: The Hoyt Report
Outlook for 2018
Alfalfa Hay Acres in the West

• Seed reps estimate unchanged to lower in 2018

• Early indications were pointing to higher acres in CA but ….

• With lack of crop alternatives don’t look for any big declines

• More trees being planted in CA
Dairy Situation in the West

• Many dairies were not buying big volumes of alfalfa hay in 2017. Why?
• Will this pattern change in 2018?
• Dairies will be forced to do all they can to hold down feed costs.
• Milk Price Projections not very promising
Hay Exports

• Export alfalfa hay buyers in 2018 could take the lead in purchases like in 2017

• Exporters believe sales of alfalfa hay to China & Saudi Arabia will continue to grow
  – China still demands non-GMO alfalfa hay
  – Saudi Arabia reducing water for alfalfa hay

• Other markets mature on alfalfa hay exports
Alfalfa Hay Market in 2018

- Early market in southern desert
  - Will inventories be so low that central CA dairies will compete with export buyers on early alfalfa hay in the southern desert?
  - Will export demand in the west be strong enough to hold alfalfa hay prices unchanged to higher than last year?
- Early indications are that demand for alfalfa hay for Saudi Arabia and China will be good
Alfalfa Hay Market in 2018  (Cont’d)

• Carryover of higher quality alfalfa hay will be down but low milk prices could hurt dairy demand.
  – Could we see a similar situation in central CA in 2018 where more diversified Holstein dairies or Jersey dairies with higher milk prices will be more aggressive to buy higher quality alfalfa hay?
Alfalfa Hay Market in 2018 (Cont’d)

• The Bottom Line: Export buyers could be more of a driver in the alfalfa hay market in the west in 2018 than dairy buyers, similar to the 2017 season.
  – If hay is put up that will meet export requirements - cover it (barn or tarp) so you don’t lose the option to sell for export
Have a Wonderful Christmas and Best Wishes in 2018

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