

MARKETING QUALITY HAY

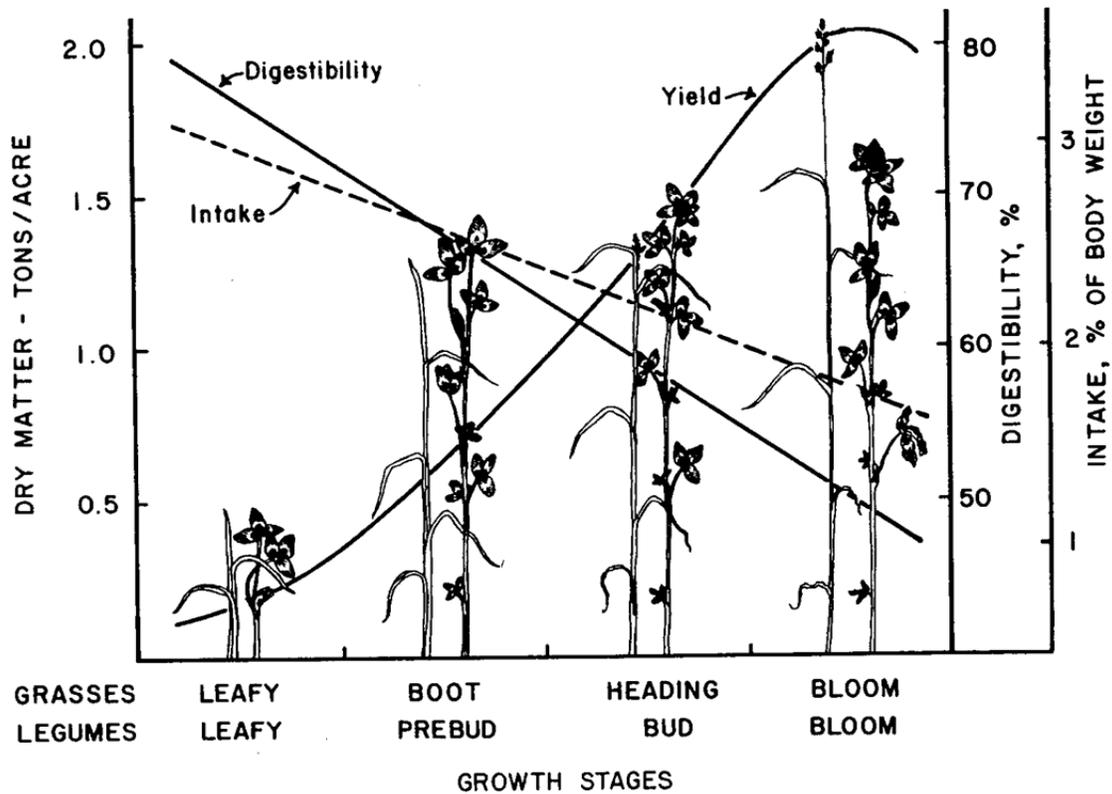
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When marketing quality alfalfa hay, you basically have two markets that you are going to try to target. First, you are going to be in the cash hay market, that's where you will sell alfalfa hay to several different entities.....locally, statewide, nationally, or potentially internationally. Secondly, and more commonly, you will be marketing your hay to your own livestock enterprise on your farm. Several times every month, I have people call me and ask me what their hay is worth. I tell them very honestly I have no idea what their hay is worth; only by keeping track of their own inputs will they know what their hay is worth. One way to determine the value of your hay, again whether you are selling it for cash hay or marketing to your own livestock enterprise, is to use the Decision Aid found at the University of Kentucky Forage website, www.uky.edu/ag/forage. Go to this Decision Aid tab, input the exact numbers for your operation, and you can determine, fairly accurately, the value of hay you have produced on your farm.

In marketing high quality Kentucky alfalfa hay, one needs to determine the market they are going to try and target. We will discuss the markets later but whichever one(s) you choose, you need to put your hay in the package that is most in demand in that particular market. There are many different types of packaging opportunities for farmers, from small square bales, round bales, midsize square bales, large square bales, ground hay, baleage, etc. Packaging is very important to the point that most markets will not accept certain packages i.e. the horse market wants small square bales, dairies want mid-size to large square bales, etc.

Our goal is to sell high quality hay and the most determining factor in achieving high quality hay is to harvest the hay at the right stage of maturity. We want to harvest the hay where we get good yields but we also get good quality. See chart below for those optimal times to cut.



We want to cut when the two solid lines intersect; where yield and digestibility (quality) collide. This cutting stage is a crucial time to get the right quality of hay that we can market successfully. Once we get that hay cut on the ground and hopefully get it made before it rains, we need to think about this: are we going to sell that hay directly out of the field or are we going to store it? How the customer will obtain the hay will also determine the value. The field price should be lower because you don't have to handle it as many times. Most people, however, chose to bale the hay and store it and sell it at a later date. If you do that, then you will need to charge a higher price for the cost of storage as well as having to handle it one or two more times.

In most all cases, quality determines price. This chart from the University of Wisconsin reports numbers from their hay reporting services for hay auction on January 06, 2012.

Hay Grade	Bale type	----- Price (\$/ton) -----		
		Average	Minimum	Maximum
Prime (> 151 RFV/RFQ)	Small Square	225.73	140.00	450.00
	Large Square	237.80	140.00	307.05
	Large Round	151.13	100.00	200.00
Grade 1 (125 to 150 RFV/RFQ)	Small Square	159.00	120.00	180.00
	Large Square	160.00	100.00	200.00
	Large Round	155.00	92.50	130.00
Grade 2 (103 to 124 RFV/RFQ)	Small Square	95.42	60.00	115.00
	Large Square	111.94	80.00	150.00
	Large Round	98.47	60.00	150.00

As you can see, the higher the quality the greater the price received by individual farmers. These numbers were reported on the RFV/RFQ parameter but depending on the market other parameters will help determine price levels. They could include but are not limited to: CP, ADF, NDF, TDN, etc.

Here in Kentucky we have the ability to produce as high a quality of hay as anyone in the country. I have traveled this country throughout and I can tell you that on many soils in Kentucky, we can grow as good a hay as anybody. Our problem comes in getting it into the correct package, at the correct moisture. Our high humidity and more than sufficient rainfall (in some years) does make it a challenge to get the hay made without it getting wet.

The dairy market, which is a very large market, wants primarily large square bales of hay. They have sufficient equipment to handle these large packets and they do not want to fool with small square bales. They don't use differing hay products, they are typically looking for alfalfa hay with a high test value (like we saw in previous chart) or they may want alfalfa grass mixed hay, but they want high energy, high nutrients, and alfalfa gives that to them. They are also going to want that hay tested prior to delivery. Those hay tested numbers can help them predict milk production and as well as the possibility of making a profit from the "milk". Another large hay market is the horse market. It is totally different from the dairy market in that you are actually selling the person and not the animal. Unlike the dairy farmer, the horse hay buyer never really has any good way to justify the quality of hay they are buying. They are not looking at pounds of milk produced and they are not looking for maximum gain on young animals. So as long as the person buying the hay likes it, it will probably work. The horse market encompasses a lot of different types of hays, but they do like alfalfa and alfalfa is a large seller. Most horse hay is sold on sensory perception.... how does it look, how does it feel, how it smells. It absolutely has to be free of any mold, dust and weeds. You are

feeding high value animals. These horses range in price anywhere from a couple hundred dollars to a half million dollars or more (good liability insurance is recommended when selling hay to these value animals). The beef market, again, is a large market. You can't afford to ship to beef operations very far. They work on a very slim margin. And as I mentioned earlier, more often than not, you are providing that type of hay for your own livestock industry. Some feed lots do buy hay, but most of the hay that is fed to the beef market is raised on their own operation.

If you do grow hay for your own livestock enterprise, there are several things you need to be aware of. First, you need to treat that hay operation as a separate entity. As we talked about in the decision aid earlier, you need to know what your costs are and so forth, so that you can truly put a value on that hay. When you raise the hay on your farm you want to match the different cuttings to the different classes of livestock you are going to be feeding. Higher quality hay, higher quality alfalfa hay will go to cows with calves at their side. Poorer quality hay that may have been rained on will go to dry cows in their first or second trimester of pregnancy. Store your hay accordingly. Store your hay on your farming operation or if you are going to sell it for cash hay, in bins where you can get to the individual cuttings as needed. If you store the different cuttings behind one another it is very difficult to get them out when needed for the different markets that you are looking for or to feed the individual livestock units on your farm. Have your hay tested. Farmers in Kentucky are very fortunate to have the Kentucky Department of Agriculture(KDA) provide a hay testing service that they can take advantage of when needing accurate testing numbers for feeding or selling their hay. Call 1-800-248-4628 to inquire further about the KDA Hay Testing Program.

There are other substantial and viable hay markets out there..... sheep, goats, llamas, emus. You can sell hay to nurseries, zoos, feed stores, etc. Alfalfa is also a good candidate as a renewable energy source although that market is probably several years in the future. Also some alfalfa is being used in medical research. A company in Nebraska is extracting lutein from alfalfa for ocular health supplements. Something we need to discuss further is transportation. Transportation is critical when you are going to your market. You want to know the timing of that transportation, when that customer is expecting delivery. You want to make sure you have access to get your equipment in and out of their farm or business safely and easily and during all different types of weather events; snow, rain, etc. You want to make sure of payment when you deliver, that you are going to get payment and so forth. And also is there going to be support. When you take that hay to an operation, is the farmer going to unload the hay or are you going to unload the hay. That is especially important when you are dealing with small square bales. There are many different modes of transportations: a farm wagon, goose neck trailers, tractor trailers, rail, barge, etc.

Testing for forage quality, again, is very important. Whether you are feeding the hay yourself or selling it, have your hay tested. Go to foragetesting.org and you can get plethora of information on that process, in my opinion it is very critical when marketing alfalfa for cash hay or for economically feeding your own livestock.

And last, but not least, I want to leave you with one thing. When you are talking about marketing alfalfa hay, a very simple axiom I have used for a long time is “Green is good and Brown is Bad.” If you have nice leafy green, sweet smelling hay, you probably have a pretty good product to market. If you have something that is brown and dingy, is dirty looking, has been rained on or has heated in the bale or bleached in the field, you probably don’t have the quality that you are looking for and have an inferior product to market.