Hay Prices and Trends

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Kentucky’s large cattle and horse populations require considerable forage, and hay is one of the primary feed sources. The state ranks eighth nationally in the production of dry hay. This paper will look at this important sector of Kentucky’s agriculture production, specifically at the available sources of hay prices and recent price trends.

Dry hay production in Kentucky during 2018 totaled 5.1 million tons, two percent lower than 2017, and the smallest crop since 2014. Figure 1 charts Kentucky’s historic hay production. Average yields have been rising over time and reached a record high of 2.68 tons per acre in 2018. Harvested acreage has been trending lower and was at the lowest level since 1986. Much of this was a result of the plentiful precipitation, which boosted tonnage, but limited opportunities to harvest hay and overall forage quality.

Figure 1. Historic Kentucky dry hay production

Sources of hay prices include USDA’s Agriculture Marketing Service (AMS) Market News and National Agricultural Statistics Service (NASS). AMS reports publish current market prices, while NASS reports are prepared for the primary purpose of estimating income farmers receive from hay sales. They also serve as an opportunity to view prices across time, made possible by an online database of prices.

Market News publishes reports on a periodic basis in several states, but is dependent on adequate funding and availability of data. Current hay market prices are a difficult piece of information to gather, due to the predominant practice of buying and selling hay in private transactions. Some examples of reports are Pennsylvania (see Figure 2.), a weekly report based on sales at hay auctions. Missouri, on the other hand, publishes a weekly report based on information primarily gathered from individuals.
involved in private sales. The Kentucky Department of Agriculture publishes weekly information on sales of hay reported by auctions, but they are not USDA reports. AMS hay Market News is published at www.ams.usda.gov/market-news/hay-reports.

Market News reports prices by hay class, bale size and quality characteristics. Price units may be tons or per bale depending on regional sales practices. Bale weights are not precisely defined, but are labeled by size descriptions, such as small square and large round. Quality and nutritional characteristics are defined in guidelines and hay is categorized by one of five quality descriptions, superior, premium, good, fair, or utility. Designations are made by visual observation.

**Figure 2. Pennsylvania alfalfa/grass good hay prices**

![Graph showing alfalfa/grass good hay prices, Pennsylvania, 2018-2019](image)

Source: USDA, Agriculture Marketing Service

NASS publishes average hay prices received by farmers each month, and a marketing year average price. For Kentucky, an alfalfa price and all other hay prices are published. Prices are gathered from a sample of dairy farmers and from AMS Market News. Prices are weighted by type of hay and by sales volume. NASS reports are available at https://usda.library.cornell.edu/concern/publications/c821gi76b?locale=en#release-items. Other USDA agencies use the price data in farm programs, such as the dairy Margin Protection Program, and farm income calculations.

Figure 3 charts the historic Kentucky hay prices over the last ten years. Prices for alfalfa hay moved to higher price levels in 2011 and 2015, in response to tighter hay supplies. Average prices reached $225 per ton before backing off in 2017 and then rebounding across 2018. Acreage is not expected to expand much if any with declining dairy herds, and if supply remains tight look for prices to stay between $210 and $220.
Other hay prices have increased over the last ten years, but at a slower pace than alfalfa until 2018 when prices dramatically increased. Expanding beef herds starting in 2015 pushed hay demand and two consecutive wet growing seasons in 2017 and 2018 has the supply of good quality hay very tight. Livestock feeders have been seeking hay with the nutritional value that their animals need and are willing to pay a premium for it. History would suggest these prices will pull back to the $100 to $110 level if 2019 offers a better hay growing season.

Figure 3. Monthly Kentucky hay prices