

Forage Market Price Discovery in Saskatchewan

As of October 2014



This market price discovery report details the current market prices and trends for forage products in Saskatchewan in September and October 2014 through the use of various sources and contacts. The goal of this report has been to provide as much information as possible about the current state of the 2014 forage crop and provide predictions based on the available information about the yield and price of the 2014 forage crops in Saskatchewan. At the time of completion, all information gathered and utilized was as current as possible and represented in an analytical, professional manner for use by the Saskatchewan Forage Council. The Saskatchewan Forage Council has presented this information in an effort to reflect industry trends as accurately as possible, however it does not guarantee and accepts no legal liability arising from or connected to the accuracy, reliability or completeness of any material contained in this report.

Table of Contents:

1) Executive Summary	4
2) Saskatchewan Forage Production Trends for 2014	5
3) Field Pest and Disease Impact and Reports for 2014	7
4) Current Saskatchewan and Neighbouring Transportation Costs	8
5) Current Saskatchewan Forage Prices	10
6) Regional Forage Pricing Trends	15
7) Adjoining Jurisdictions Forage Price Trends	18
8) Forage Seed Retail Prices	21
9) Saskatchewan Pasture Rates	22

List of Tables: There is less demand for hay in the nearby US states this year and transporters surveyed plan to haul hay within Saskatchewan or Alberta in 2014. Transport of hay to California or other parts of the southern US is generally done by transport companies that specialize in long hauls and the export market.

Table 1. 2014 Transportation Costs for Forages in Saskatchewan	9
Table 2. 2014 Transportation Costs for Forages in Alberta (AB) & Manitoba (MB)	9
Table 3. Square Bale Asking Prices in Saskatchewan 2014	11
Table 4. Saskatchewan Forage Prices as of October 21, 2014	12
Table 5. Comparison of SK Forage Prices September 2013-September 2014	13
Table 6. Saskatchewan Dehy Product Prices for 2014	13
Table 7. Expected Timothy prices for 2014 crop (SK and AB)	14
Table 8. Forage Prices in Adjoining Jurisdictions	19
Table 9. Montana and South Dakota USDA Weekly Hay Report Prices	20
Table 10. Forage Seed Prices in Saskatchewan for 2014	22

1) Executive Summary

The September 2014 Saskatchewan Forage Market Report is the result of information gathered from a diverse group of forage industry stakeholders in Saskatchewan and surrounding jurisdictions in August and September of 2014. This report presents a broad overview of the 2014 growing season in Saskatchewan in addition to detailed forage prices and trends as of this fall.

Hay supplies declined in Saskatchewan as a cold winter resulted in more hay consumption on livestock operations than anticipated. Some regions saw higher than average yields and a high quality forage crop while other areas experienced flooding and excessive moisture that delayed hay harvest. Forage growers able to harvest their hay within the first two weeks of July generally had good quality feed and wrapped up haying in a timely manner. Pasture condition in Saskatchewan is fair to good as late-season rain allowed for regrowth. Overgrazing and deteriorated pasture condition is an issue in some flooded areas where spring hay supplies were tight and some pastures were inaccessible. Two years of extended winter feeding have made livestock producers hesitant to sell hay they may require in the upcoming winter. Reports from around the province indicate that livestock producers with feed shortages would prefer to disperse or cull herds to realize the record high cattle prices rather than purchase feed and retain cattle. This behavior, combined with availability of greenfeed and feed grains will likely put a ceiling on forage prices trading within Saskatchewan. Forage acres in Saskatchewan have seen little alteration over the past year other than a small reported increase in greenfeed acres. Higher cattle prices and repeated flooding of areas that were formerly in annual crops may encourage a shift in production to more forage acres in the province but as the number of mixed farms in Saskatchewan declines and farm operations become more specialized it is increasingly rare for producers to make this shift.

Overall, Saskatchewan forage prices remain similar to September 2013 prices. Mixed alfalfa-grass hay increased by \$6/tonne on average while alfalfa prices increased by \$2-3/tonne. There is limited straight alfalfa hay or grass hay on offer this year, and quality appears to be variable. Regionally, prices vary based on supply and demand, with higher prices near the Alberta border resulting from a significant increase in Alberta hay prices over the past year (see Table 9). There is more greenfeed on offer in 2014 and even more may become available as depending on how fall weather impacts harvest operations around the province.

Drought conditions eased in the central United States over the past year and Saskatchewan forage growers appear to be showing less interest in the hay export market. Exports are ongoing, but the market seems to be focused on high quality alfalfa. High quality alfalfa continues to fetch higher prices in the US than in Canada and demand remains strong in California and other southern US states experiencing drought. In 2012 and to a lesser degree in 2013, forage growers with excess production were able to sell mixed hay in round bales to US livestock producers who were desperately in need of forage. In 2014 the majority of the exported forage appears to be straight alfalfa square bales grown with the intention of targeting

the export market. Both organic and conventional alfalfa pellets are in demand in the US as well, and pellet processors report increasing difficulty in obtaining adequate supplies of straight alfalfa to manufacture this export product. Although a small percentage of the forage grown in Saskatchewan, timothy hay remains an important export product as well and the quality of the Saskatchewan timothy crop was excellent in 2014.

2) Saskatchewan Forage Production Trends for 2014

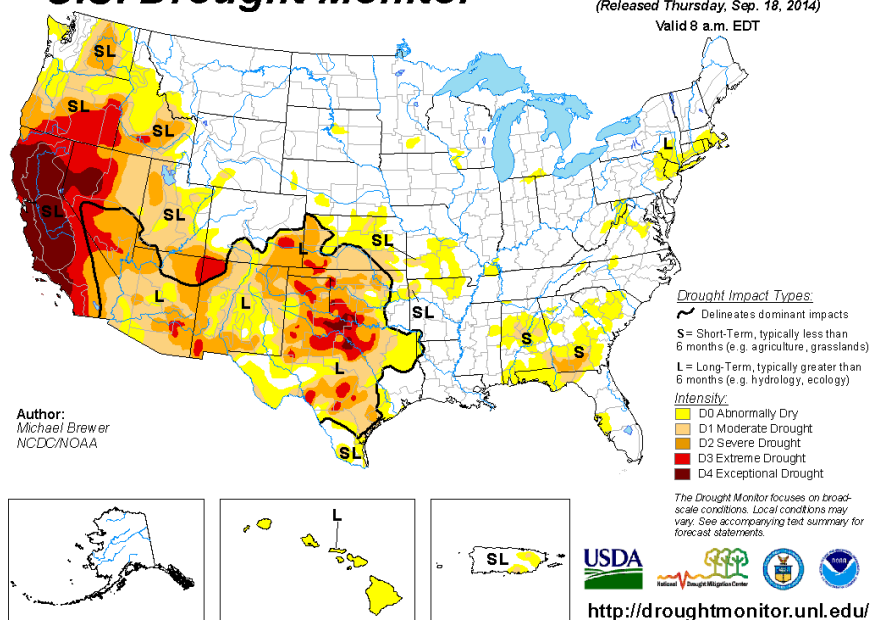
Many of the same conditions prevailed in the 2014 growing season as were experienced in 2013. An extended, cool spring delayed forage growth after a long, cold winter reduced forage stocks on farms in many parts of Saskatchewan. The Saskatchewan Ministry of Agriculture Provincial Forage Specialist reports that 2014 forage yields appear to be average (1.3 tons/acre) to above average (1.8 tons/acre) in Saskatchewan, with the exception of flooded areas in central and eastern regions where excessive moisture was an issue. Despite adequate yields, hay quality is variable and depended largely on whether forage growers were able to avoid rain and humidity while putting up the hay crop. For those unable to complete haying in early to mid-July the haying season was extended into late July or even late August as intermittent showers interrupted harvest. For this reason, the first cut of hay tends to be of higher quality than the second cut in Saskatchewan in 2014.

As seen in the US drought map pictured in Figure 1 below, California and parts of Texas have been experiencing ongoing drought conditions whereas much of the Midwest and the northern States have received adequate precipitation this summer and fall. With central US drought conditions easing over the past year, there is less demand for hay from nearby US states for Saskatchewan forage growers. Specialty crops such as organic hay and high quality alfalfa hay are still in demand in California and other regions of the US. Particularly those growers with contacts in the market and knowledge of export and transport regulations, the US market remains lucrative for those with high quality hay to sell.

Figure 1. US Drought Monitor Map for September 16, 2014

U.S. Drought Monitor

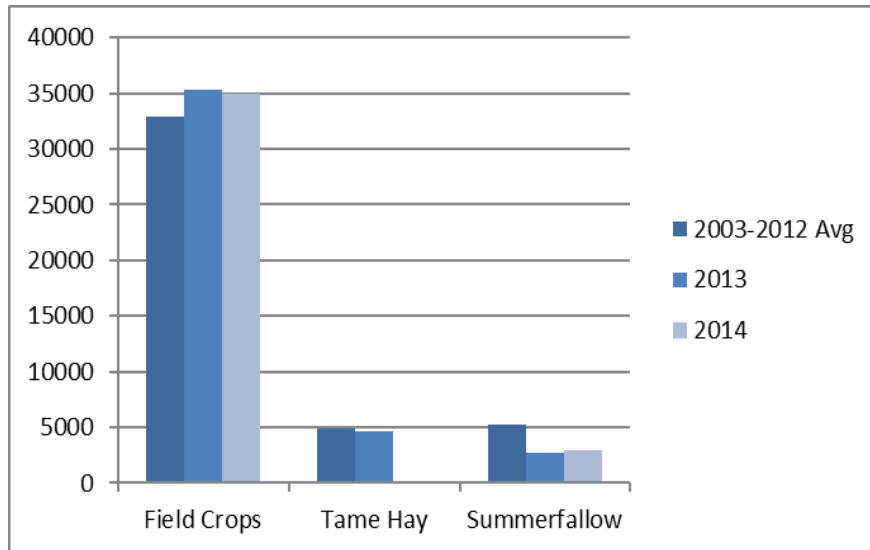
September 16, 2014
 (Released Thursday, Sep. 18, 2014)
 Valid 8 a.m. EDT



The Statistics Canada semi-annual survey estimates a two percent decline in cattle and calves on Saskatchewan farms from July 1, 2013 to July 1, 2014 (*Cattle on Farms Statistics Factsheet*, Saskatchewan Ministry of Agriculture July 1, 2014). The estimated number of cattle and calves on farms in Saskatchewan as of July 1, 2014 is 2.8 million head. Western Canada as a region also reported a decline of two percent in cattle and calves for the same time period, while Canadian inventories were down one percent. With cattle prices at record levels in 2014, producers may be opting to sell more calves and to cull or disperse cow herds this year rather than retain them through the winter, particularly in parts of the province where there is less hay available. Livestock producers may also opt to purchase or salvage frozen crops for greenfeed, silage or swath grazing rather than more expensive hay. The availability of feed grain and salvage crops this year will likely limit the price that cattle producers are willing to pay for hay this fall and winter. If record high cattle prices continue through the fall run, optimistic producers may opt to retain more heifers but this would be unlikely to significantly increase demand for forages in 2014 or early 2015.

Figure 2 illustrates the estimated increase in seeded acreage of field crops and tame hay as compared to a ten year average. Tame hay acres are reported to have increased by 75,000 acres from 2012 to 2013, while the 2014 numbers will not be available until the November estimate of production. Estimated dryland provincial hay yields in Saskatchewan as of July 21, 2014 were 1.3 tons/ acre for alfalfa, 1.4 tons/acre for brome/alfalfa hay and 1.7 tons/acre for greenfeed (Saskatchewan Ministry of Agriculture Crop Report, July 24, 2014). Hay yields as of July were slightly below the five-year provincial average, although only 42% of the total hay crop had been baled as of the report date. Final yields for each region will be reported in the Saskatchewan Ministry of Agriculture Final Crop Report in late October.

Figure 2. Saskatchewan Seeded Acres ('000 acres)



Source: Agriculture Statistics Factsheet 2014 July Estimate of Production, Government of Saskatchewan

Saskatchewan Ministry of Agriculture Forage Specialists report that forage acres have remained fairly stable in most parts of Saskatchewan this year. The exception to this may be wet or flooded areas such as east central Saskatchewan. This area reports an increase in the number of producers converting annual cropland to forage in an attempt to seed acres that are often inaccessible in the spring and early summer or have seen reduced yields due to excessive moisture and salinity. Regional Forage Specialists in this region report that in 2014 producers have been taking advantage of the Farm Stewardship Program’s Best Management Practice (BMP): Protecting High Risk Erodible and Saline Soils. This program assists producers with the cost of converting lands that have been under annual crop production for at least two years to permanent cover in the form of tame or native forages. The total number of forage acres converted has not been reported at this time.

Central Saskatchewan also reported moderate to severe winterkill of alfalfa in some fields in the spring of 2014. Acres that were severely affected by winterkill were taken out of rotation and sown to cereals or other annual crops for the most part. Late cutting of some alfalfa fields in the region this fall resulted in some alfalfa crops being cut in the critical six week period prior to the first frost. Whether this will result in further winterkill in 2014/2015 will depend on the severity of winter conditions.

Conditions in Alberta and Manitoba were similar to many areas in Saskatchewan during the 2014 growing season, with forage producers experiencing rainfall and humidity while trying to harvest hay crops. Second-cut haying was not yet completed in many parts of both provinces as of mid-September and the quality of hay has been negatively affected by rain and delayed harvest. Demand for hay from Alberta appears to be strong and Alberta prices are higher than other neighbouring jurisdictions. Forage growers with quality hay for sale may be able to realize higher prices selling into Alberta than in local markets. There does not appear to be an excess supply of hay available in any of the states or provinces adjacent to Saskatchewan in 2014.

Crop residue, straw and greenfeed are expected to be available this year due to an increase in greenfeed acres and frost in September affecting some cereal crops. In areas where hay supplies are inadequate or quality is poor, producers that retain livestock will likely use these forages as supplements during the fall grazing period and winter feeding seasons.

Pasture and hay land moisture conditions were adequate to surplus in May 2014, with the eastern side of Saskatchewan mainly surplus. As late September, moisture conditions remained adequate for the majority of the province, while some regions near the Manitoba border in central and southern Saskatchewan continued to see surplus moisture on hay and pastures. Only isolated areas of the province report moisture shortages, with the Lloydminster area reporting the driest conditions (Saskatchewan Ministry of Agriculture Hay and Pasture Topsoil Moisture Conditions, May 6 and September 23, 2014). The September 25, 2014 Saskatchewan Ministry of Agriculture Crop Report indicates that 96% of livestock producers report adequate livestock water supplies and 84% report good to excellent pasture conditions. If weather conditions allows for fall and winter grazing, hay supplies should remain adequate for the upcoming winter season around the province.

3) Field Pest and Disease Impact and Reports for 2014

The 2014 Saskatchewan grasshopper forecast predicted only light to very light grasshopper risk to crops throughout much of the Province. The Meadow Lake area was the only region where moderate to severe grasshopper activity was anticipated. The extended cold winter and cool spring weather did not encourage grasshopper activity and many forage crops have been harvested prior to any significant grasshopper activity. There have not been reports of significant grasshopper feeding on perennial forage crops in 2014.

Reports from areas affected by alfalfa weevils in past years indicate that these pests did not cause widespread damage to alfalfa in 2014. Isolated fields, particularly of pure alfalfa, did experience weevil feeding but for the most part alfalfa weevil numbers were down throughout the province. It has not yet been determined what has caused this decrease in alfalfa weevil number, although it is speculated that the cold and extended winter in 2013-2014 may be at least partially responsible for the decrease in the population.

Saskatchewan's Provincial Forage Specialist noted that field pests did not cause significant forage crop damage in 2014. Several years of excessive moisture have resulted in increased ergot and fusarium infection in both annuals and perennials in some areas. Fusarium head blight is a fungal disease that affects grass plants. Although commonly associated with wheat, fusarium can also be found in other cereal grains and some forage grasses. Fusarium may produce a mycotoxin that can lead to livestock productivity problems such as poor weight gain and greater susceptibility to disease if present in significant quantities in feed. It is recommended that fusarium-infected greenfeed be drier than 20% moisture to ensure safe storage (www.gov.mb.ca). Ergot is a plant disease that is also caused by a fungal infection and may be found in both cereals and forage grasses. Cool, moist weather in late spring and early summer favour the germination of ergot bodies and wet weather throughout the growing season tend to increase the rate of ergot infection (www.agriculture.gov.sk.ca/ergot-of-cereal-grasses). Although ergot does not generally cause significant yield loss, livestock producers cannot utilize feed that is high in ergot due to the risk of ergot poisoning in livestock. The

impact of increased ergot incidence in Saskatchewan’s 2014 crop would likely be decreased availability of feed grains and feed grain by-products such as pellets.

4) Current Saskatchewan and Neighbouring Transportation Costs

Saskatchewan hay transport rates are similar to those discovered in the September 2013 survey. Both hourly rates and rates per loaded mile have increased slightly in the past year, although many transporters continue to offer rates at the same price. Hourly rates in Saskatchewan range from \$110-150/hour and some transporters indicate that charging by the hour is preferable when hauling hay due to varying field and road conditions they experience. The Saskatchewan 2014-2015 Government of Saskatchewan Custom Rate Guide (www.agriculture.gov.sk.ca/custom_rental_rate_guide) calculates a custom rate of \$123.07/hour to use a self-unloading, 12-bale, large round bale mover for short hauls from field to yard. This rate is very similar to and just slightly below the rate charged for short hauls on average in Saskatchewan. Mileage rates ranged from \$6.00-7.00/loaded mile in this survey. Rates listed below (Table 1) do not include fuel surcharges, which are frequently added to mileage or hourly rates. Most transporters report that they will add a fuel surcharge (added as a percentage or price per bale) to cover increased fuel costs which allows them to keep mileage or hourly prices consistent from year to year. Fuel surcharges vary and may add 15 percent or more of the reported mileage fees charged to the total price. Past reports have noted that there appear to be fewer transporters offering to haul hay within the province and this trend continues in 2014. Individuals and companies surveyed remain in the transport industry, but many have chosen to haul grain, gravel or other freight which they report as being more lucrative and require less loading and unloading time.

Central Saskatchewan transporters saw an extended hauling season in the spring of 2014, as livestock producers in flooded areas were forced to move forage in to supplement cows on overgrazed pastures. Currently many transporters are hauling straw bales, grain or other freight and the busy season for hauling hay will not begin until harvest is complete and hay is being purchased, sold or transported for winter feeding. There is less demand for hay in the nearby US states this year and transporters surveyed plan to haul hay within Saskatchewan or Alberta in 2014. Transport of hay to California or other parts of the southern US is generally done by transport companies that specialize in long hauls and the export market.

Table 1. 2014 Transportation Costs for Forages in Saskatchewan

Location	Rate in \$/loaded mile (long hauls)	Rate in \$/hr (short hauls)
North	6.00	125.00
Central	6.64	125.00
West Central	6.50	145.00
East	6.50	126.67
South	6.50	135.00
Provincial Average*	\$6.44/mile	\$130.63/hour

*Provincial average calculated by averaging all reported values from across the province.

Transporters in both Manitoba and Alberta were surveyed in order to gain a more thorough understanding of Western Canadian transport costs and costs for those exporting hay to adjoining jurisdictions. There has been little change in transportation rates in Alberta and Manitoba since the last survey, and transporters in these neighbouring jurisdictions also report using fuel surcharges to recoup additional hauling costs due to fuel increases rather than modifying rates per mile or per hour. Fuel surcharges are not included in listed costs and vary by transporter, pricing method and job. Refer to Table 2 for current hay transportation rates in regions of Alberta and Manitoba.

Table 2. 2014 Transportation Costs for Forages in Alberta (AB) & Manitoba (MB)

Location	Rate in \$/loaded mile (long hauls)	Rate in \$/hr (short hauls)
Northern AB	6.00	-
Southern AB	-	120.00
Western MB	5.50	110.00
Central MB	5.50	-
Average	\$5.67/mile	\$115.00/hour

*Average calculated by averaging all reported values from across the two provinces.

5) Current Saskatchewan Forage Prices

The quality of the 2014 forage crop is inconsistent in Saskatchewan due to precipitation and timeliness of harvest. In general, producers who were able to harvest hay in the first few weeks of July have good quality hay, while those that were not able to complete harvest in that time may have seen an extended haying season into late July and August due to rains and humidity. Demand for hay in areas with excessive moisture and where hay supplies were low has led to strong prices for good quality feed in these regions. The vast majority of the hay on offer in 2014 was mixed alfalfa-grass hay, while few offers for straight grass or alfalfa hay were discovered. Saskatchewan alfalfa prices increased \$2-3/tonne on average since the September 2013 survey, while average alfalfa-grass hay prices increased by \$6/tonne over the same period.

Grass: Grass hay asking prices vary based on the targeted market for this type of forage. A number of ads for grass hay or hay with very little alfalfa content were marketed as horse hay, and often asked a higher price than for mixed hay. Small, round bales (600-800 lbs.) were also advertised as being desirable for horse owners or acreage owners and were priced similarly (per bale) to average-sized round bales, resulting in a higher price/metric tonne of forage. The average grass hay asking price was \$93/tonne, but prices ranged from \$70-\$129/tonne in the 2014 survey. Auction marts represent another market for grass hay, as they often purchase this forage for young calves. Delivered prices for grass hay purchased by livestock auction markets averaged \$88/tonne. Although freight distance and costs vary, the price of grass hay purchased by these auction marts is likely similar to the average cost of mixed hay discovered in this report (\$86/tonne), with the horse hay prices representing a higher priced niche market.

Standing Forages: In general, standing forage can be priced at an estimated \$39/tonne less than baled forage prices as it costs approximately \$33-\$44/tonne to put up hay, according to the Saskatchewan Ministry of Agriculture (http://www.agriculture.gov.sk.ca/avg1107_pg9). Although a number of advertisements were placed in the summer of 2014 for standing forages, very few of them had a price associated with them. A wide variety of arrangements were proposed rather than cash prices. One advertisement of \$20/acre was found in July of 2014. Like pasture arrangements, many agreements to cut standing forage appear to be made in person to person deals and are often long-standing arrangements or involve payments other than cash.

Greenfeed: Those in the livestock and forage industries as well as Saskatchewan Ministry of Agriculture Regional Forage Specialists report that they have seen an increase in greenfeed acres in 2014. This increase is partly in response to concerns over low forage stocks and inaccessibility of hay fields in flooded areas and is partly due to the late cereal grain crop and September frost. There was a significant increase in the number of listings of greenfeed on offer in the last week of September. Asking prices for greenfeed ranged from \$60-110/metric tonne in August and September 2014 and included a variety of baled cereals from winter wheat to oats, barley and triticale. Greenfeed was most often advertised at four cents per pound (\$88/tonne).

Clover: August and September 2014 hay listings contained only one advertisement for clover hay. The asking price for this hay was \$76/metric tonne and this hay contained timothy grass as well. Very few asking prices are generally found for clover and there does not appear to be an established market for this forage. Clover hay is grown in Saskatchewan but appears to be more often used on the farm where it was produced rather than being traded.

Straw: Availability of straw increased as harvest progressed in the month of September. Prices for large round or square cereal straw bales ranged from \$30-50/bale on average, with some prices including loading while others required the buyer to load the straw. The average price of straw was \$41/tonne in September and October 2014, the same pricing as for cereal straw in September 2013. Regionally, availability of straw was good to scarce depending on farming practices and types of operations as well as harvest progress. Only one listing was found for pulse straw in the 2014 survey, with an asking price of \$99/tonne. Many farmers opt to leave pulse straw as litter or cover on cropland rather than to bale it or offer it for sale.

Small square bales: Small square bales represent a different market than large round or square bales and are priced accordingly. Ease of handling and storage makes square bales desirable for acreage or horse owners and subsequently, prices paid for these bales are generally higher per tonne than pricing for large square or round bales. Kijiji tends to list as many or more advertisements for small square bales than for larger bales, and many of the ads list the forage as being good horse feed. Listings contain both first- and second-cut hay of varying quality. Some Saskatchewan Auction markets also report using either small square hay or straw bales for bedding or feed. The table below lists the average prices discovered in August and September 2014 for small square hay and straw bales. Accurate pricing per metric tonne is not available as very few small square bale listings contain bale weights, however; those listings that include weights averaged 60-70 lbs/bale which is equivalent to approximately \$138/tonne for alfalfa-grass hay.

Table 3. Square Bale Asking Prices in Saskatchewan and October 2014

Forage Type	Average Price \$/bale
Alfalfa Hay	5.50 (9 offers)
Alfalfa-Grass Hay	4.07 (26 offers)
Grass Hay	3.91 (8 offers)
Straw	2.38 (13 offers)

Listing sourced from Kijiji, Western Producer, SK Agriculture Feed Listings and contacts at SK auction marts

Organic Hay: Very few prices were discovered for organic hay in 2014. Straight alfalfa hay asking and settled prices ranged from \$184-202/tonne. The market for this hay appears to be organic livestock producers in the US, with particular demand from California. Organic alfalfa is also exported to the US market in the form of pellets and there is demand in Saskatchewan for organic alfalfa hay containing no grass to be used for this product. A premium of up to \$80/tonne was paid for organic alfalfa hay in Saskatchewan as compared to conventional alfalfa, although it should be noted that organic alfalfa producers are only likely to receive this premium on export hay. Organic greenfeed was also offered in September 2014 for \$96/tonne, \$10-15/tonne higher than the average asking price for conventional greenfeed hay.

Table 4. Saskatchewan Forage Prices as of October 21, 2014

Forage Type	Condition	# of Traders	Quantity (T or acres)	High (\$/T)	Low (\$/T)	Weighted Average (\$/T)
Grass	Standing	1	100	21	21	21
Alfalfa-Grass	Standing	4	2260	50	13	32
Alfalfa	Standing	1	500	50	50	50
Grass Hay	Baled	18	1582	129	70	90
Alfalfa (1st Cut)	Baled	8	2752	138	83	109
Alfalfa (2nd Cut)	Baled	6	919	130	104	121
Alfalfa-Grass	Baled	64	13117	138	51	89
Greenfeed	Baled	11	3615	110	60	90
Clover	Baled	1	26	76	76	76
Cereal Straw	Baled	17	7854	55	27	43

Legend: T=tonnes

(all prices in CDN \$/metric tonne (\$/T))

Numbers reported do not include small square bales (see Table 3)

Table 5. Comparison of Saskatchewan Forage Prices from September 2013* and September/October 2014

Forage Type	Condition	Asking, Settled or Buying Price	2013 Weighted Average Price (\$/T)	2014 Weighted Average Price (\$/T)
Grass	Standing	Asking	23	21
Alfalfa/Grass	Standing	Asking	11	32
Alfalfa	Standing	Settled/Buying	50	50
Grass	Baled	Buying	82	88
Grass	Baled	Asking	81	93
Alfalfa (1 st cut)	Baled	Asking	89	107
Alfalfa (1 st cut)	Baled	Settled	110	110
Alfalfa (2 nd cut)	Baled	Buying	110	130
Alfalfa (2 nd cut)	Baled	Asking	112	112
Alfalfa/Grass	Baled	Buying	84	80
Alfalfa/Grass	Baled	Asking	79	83
Alfalfa/Grass	Baled	Settled	85	104
Straw	Baled	Buying	49	43
Straw	Baled	Asking	44	42

*Forage prices reported in the September 2013 Saskatchewan Forage Market Report as prepared by the Saskatchewan Forage Council

Dehy Alfalfa:

Straight alfalfa hay for the dehy industry as well as for dairies can be difficult to source in Saskatchewan and many of the processors and dairy producers grow their own alfalfa for this reason. Nutritional analysis of 2014 dairy hay has shown low to normal protein and very high fibre levels, resulting in lower than average total digestible nutrients (TDN). High-quality alfalfa hay that is lower in fibre and higher in TDN will likely be in demand this fall for the processing, export and dairy industries.

Table 6. Saskatchewan Dehy Product Prices for 2014

Product Type	Price \$/T
*Dehy Pellets	270
**Sun-cured Pellets	248
***Cubes	225

(Prices in \$ per metric tonne (\$/T))

**Dehy Pellets – alfalfa pellets made from standing alfalfa*

***Sun-cured Pellets – alfalfa pellets made from baled alfalfa*

****Cubes – alfalfa cubes made from baled and standing alfalfa*

Alfalfa processors report increasing difficulty in finding good quality alfalfa hay that does not contain grass. If grain prices become less competitive, these processors hope that producers will consider growing alfalfa as an alternative. Table 6 provides average dehy product prices in Saskatchewan for 2014.

Export Timothy: Timothy processing facilities purchase timothy from growers on the prairies and export mainly to the US, Asia and the Middle East equine markets. Timothy is also fed to dairy or beef cattle in some countries importing this product. High quality timothy hay is preferable for processing due to the cost of transporting this product to international markets. Demand continues to be strong from the export market, and processors report that demand exceeds supply for high quality timothy products.

In 2014, Central Alberta timothy growers struggled to put up timothy crops as late July and August became rainy and humid. September snow in many parts of Alberta put a damper on late harvest attempts. In fact, some growers report they were unable to harvest a first cut of timothy as of late September. Irrigated timothy crops in Southern Alberta reported slightly better quality than Central Alberta, although these growers also struggled to put up quality timothy. As much as 60% of the hay in this area is grading choice or low premium while 10-15% of the crop is premium and the remainder of the hay purchased in of lower quality. Quality of timothy declines quickly as the plant matures and supreme or premium timothy for the export market will be in short supply in Alberta this year. Standard and utility quality timothy is not in demand in the fall of 2014 due to carryover of this lower quality feed from the 2013 crop. Timothy prices have declined somewhat as there is more availability of other higher quality feed.

Saskatchewan timothy growers experienced better growing conditions and were able to put up a high quality timothy crop. Both first and second cut timothy tended to grade as premium quality in Saskatchewan during the 2014 growing season.

Table 7. Expected Timothy prices for 2014 crop (SK and AB)

Timothy Quality Level	Price \$/T
Premium	210
Low Premium	198
Standard	155
Utility	113
<i>All Prices Delivered (Prices in \$ per metric tonne (\$/T))</i>	

The lower quality of the timothy crop in central Alberta is a direct result of challenging growing conditions in this area during 2014. Pricing for new crop timothy in central Alberta is not clearly established, but it is likely that there will not be much premium quality timothy available from this area which could drive up the price. Central Alberta tends to only harvest one cut of timothy per year whereas the irrigated areas are able to grow two crops per year.

Silage: Saskatchewan feedlots were surveyed regarding barley and corn silage prices in September 2014. Much of the corn crop has not yet been harvested and as a result, corn silage

pricing is difficult to determine at this time. Most feedlots surveyed produce silage for their own use and as such silage prices are those used to calculate ration prices rather than a buying or selling price. The average barley silage price reported in the September 2014 survey was \$41/tonne, with a range between \$35-44/tonne. This price is similar to last year's pricing of \$41-42/tonne, although pricing may change as harvest progresses and crop yields and supplies become more apparent. Grain silage pricing is generally based on feed barley prices which have been under downward pressure since last year due to the large supply of feed grains including barley and corn. Feed barley sales are reported at approximately \$2.50/bushel (\$115/tonne) in September 2014 (www.rayglen.com/pdf/Rayglen%20Market%20Comments%209-17-14.pdf), with little likelihood that this price will see much change during winter.

6) Regional Forage Pricing Trends

South West: According to the Regional Forage Specialist and other sources in the southwest, hay supplies were low after the winter of 2013-2014, but adequate yields from the 2014 forage crop resulted in sufficient rebuilding of feed stocks for the upcoming winter. Hay quality is average in the southwest, which saw minimal rain during the haying season, although the cool spring and cold winter weather resulted in delayed or stunted growth of alfalfa plants. Overall hay quality is good to excellent in the region. Yields were higher in areas east of Swift Current with lower yields between Swift Current and the Alberta border.

There is strong demand for hay in Alberta and this has affected prices and movement of hay in this region, particularly near the Alberta border. Good quality mixed hay is trading at over \$100/tonne and many advertised asking prices are over \$150/tonne in the eastern portion of Alberta. With high demand from Alberta, few SK forage producers in this area are selling hay into the US market, although those with past experience or contacts in the US may continue to do so. Despite high prices, the long feeding seasons of the last few years have left livestock producers reluctant to sell forage which may leave their own operation short of feed. For this reason, not much hay has been advertised in the southwest region to date in 2014. Acres sown to forage remain fairly stable in the southwest this season. The frost in early September will likely have less of an impact on annual crops in this region as crops were mature or close to maturity when this frost occurred.

The Regional Forage Specialist indicates that pasture conditions going into fall are good to excellent, with late-season rainfall resulting in significant regrowth on pastures on hay land.

South East: Weather conditions during haying season were favourable for those in the region who completed haying in a timely manner. The Regional Forage Specialist estimates that about 75% of hay put up in this region received no rain or only light showers while in the windrow. Pests did not significantly affect hay yields and quality in 2014. Although alfalfa weevils have been a pest of concern in this area in the past, the weevil numbers dropped dramatically in 2014 and were present in only some fields and only at moderate levels. Hay yields are estimated to be average this season, with perennial forage growth improving after a slow start to the growing season. Carryover from the previous winter was fairly low in some parts of the region, but average yields and possible additional supplies of greenfeed after a September frost should have livestock producers maintaining adequate supplies for the winter of 2014-2015.

Generally, all areas of the southeast region had adequate to excessive moisture in 2014. Pastures and hay fields are in good condition going into fall and pastures will support livestock for good to above-average fall grazing pending weather conditions.

East Central: Cool conditions early in the season as well as excessive moisture hampered the efforts of producers to put up quality hay in the east central region in 2014. The Regional Forage Specialist indicated that hay supplies were reduced after the cold winter and late spring of 2014 and many producers may be relying on greenfeed, silage, feed grains or other supplements to provide adequate nutrition to cow herds and retained calves over the upcoming winter. Inaccessible areas of pastures resulting from heavy rains compounded this problem by forcing producers to feed supplies of hay when they would normally be grazing. Quality and yield were average for those producers able to put up hay in a two-week window in early July with relatively little rain, but storms and heavy rains as the season continued frustrated the efforts of many to complete haying in a timely manner. The likely result of this delayed haying for many operations will be a reduction in forage quality. There were some reports of alfalfa weevil damage in the region, although weevils numbers were lower than in the past few years.

A limited amount of hay has been trading in the east central region to date this year. Record high cattle prices have many livestock producers considering selling additional calves and cull cows this fall rather than retaining cattle and purchasing feed for winter. Indications are that some producers are taking advantage of the Farm Stewardship Programs' Protecting High Risk Saline and Erodible Soils funding and using it to help establish perennial forage on marginal land.

The Regional Forage Specialist reports that pastures that were grazed heavily early this year are showing the impact. However, where producers had flexibility and were not forced to graze their pastures early and hard, pasture condition is good as they were able to take advantage of the August moisture and heat and produce fairly good yields.

Northeast: Rains in early and mid-July saw haying season extended into August in the northeast region. Despite the conditions, the Regional Forage Specialist reports that much of the hay crop in this area was put up with little to no rain while in the swath. There were no significant pest problems reported in this part of the province in 2014.

There was little carryover of hay after the winter of 2013-2014 and although hay yields were average in the area it is unlikely that many producers will have hay for sale this year as they look to rebuild stocks. Quality of some hay in the region was reduced by cutting in late July and early August, but good quality hay was also put up by some growers. With supplies tight, it is likely that prices will be slightly higher this year, although this is not historically an area that exports a great deal of hay and trading is expected to be within the region or nearby in the province.

Forage acres are reported to have remained fairly stable in the northeast, although there was a slight increase in the number of greenfeed acres seeded in anticipation of low feed stocks. With some immature crops in the field at the time of the first frost, salvage of these crops for feed may be another fall forage option for livestock producers. Straw is available in sufficient supply in the northeast this year, and pastures continue to maintain good condition going into the fall season.

Central/West Central: Central and west central regions of Saskatchewan saw good haying conditions in early July with increasing rain and humidity later in the month hampering the haying efforts. First cut hay is reported to be of good quality, while second cut hay or hay cut late is likely of lower quality in these regions. Yields were average to above-average in northern parts of the region (Kerrobert, Biggar and Unity area) whereas further south there was less moisture resulting in below-average yields (south of Kindersley to Leader).

Hay supplies were low coming out of the winter of 2013-2014 and very little hay is trading in central and west central Saskatchewan currently. It is anticipated that good quality alfalfa will again trade for \$85-100/tonne after supplies have been assessed and trading is underway.

Reports from the Regional Forage Specialists in these areas are that forage acres have not increased or decreased dramatically, although some producers are taking advantage of the new Beneficial Management Practice (BMP) in the Farm Stewardship Program that encourages seeding marginal and erodible soils to forage. This cost-shared program is an additional incentive to seed forages in marginal areas where annual crops are generally not productive. There are greenfeed acres in production in this region and it is anticipated that annual cereal crops will grade as feed in many areas, producing another potential feed source.

Pasture conditions are reported as fair to good in this region and livestock water supplies on pasture remain adequate at this time.

North West/North Central: Haying was not completed as of mid-September in the north central region and parts of the northwest as producers struggled with a slow start to the growing season followed by rains and high humidity levels. The result of these weather conditions will be a range of hay quality and yields in this region. The Regional Forage Specialist and other sources in the northeast indicate that hay quality ranges from fair to good and with haying still underway a full picture has not emerged as to whether supplies will be sufficient for the winter feeding period.

There are not a lot of reports of hay trading in this region in mid-September. The few asking prices discovered in the north central region appear to be similar to or below prices in other parts of Saskatchewan. This may be due to the quality of the forage on offer or the greater distance to export markets in this region. Those with hay to offer for sale in the northwest have seen some demand from Alberta, with indications that settlement prices are in the range of four to seven cents/pound (\$88-154/tonne), depending on quality and class of hay. Yields in the northwest are estimated to be down 25-30% below the long-term average in 2014, so there will likely be little hay on offer, and producers may need to turn to alternative sources of feed to supplement livestock this winter.

There has been little change in forage acres in the north central region in the past year and there are greenfeed acres seeded, although some are very late and likely low-yielding. Pasture conditions are good and moisture is sufficient as of mid-September.

Regional Forage Pricing Trends Summary: Producers in Saskatchewan looked to the 2014 haying season to rebuild feed supplies after a cold winter and delayed growing season for the second year in a row. In general, forage growers who were able to harvest their hay within the first two weeks of July had good quality feed and wrapped up haying in a timely manner. There

were, however areas of the province where the cool conditions and slow start to the growing season meant that forages were simply not mature enough to harvest in early July. For producers in these areas or those who saw delays due to machinery repairs, other farm work or isolated showers early in haying season, haying was extended, often for many weeks, as showers passed through and humid conditions prevailed. As a result, the 2014 forage crop quality is variable, based on timing of haying and where rainfall occurred. Pastures are reported to be in good conditions with adequate moisture in most of Saskatchewan. The exceptions are areas in central and east central Saskatchewan that received excessive moisture this year and were still recovering from similar conditions in previous years. Some pastures in these areas remain inaccessible, resulting in overgrazing of pastures that could be accessed or depletion of feed supplies to supplement spring grazing. Forage prices are similar to 2013 prices on average in Saskatchewan, although asking prices appear to be higher in parts of western Saskatchewan where export of good quality hay to Alberta is a viable option. Supplies of forage are adequate in most areas of Saskatchewan, with greenfeed and salvage of frozen crops as an option for those with hay shortages. With record high cattle prices this fall, it is likely that some livestock producers who are short of feed will elect to exit the cattle market and disperse herds or cull more deeply rather than purchase feed.

7) Adjoining Jurisdictions Forage Price Trends

Shortages in forage supplies in adjoining jurisdictions can have an impact on demand and price for Saskatchewan hay, particularly for those in regions neighbouring the jurisdiction. In 2014 strong demand for hay appears to be coming from parts of Alberta where rain and humidity prevented producers from putting up good quality hay this growing season. Hay supplies are reported to be low in many parts of Alberta after feeding seasons were longer than average for the past two years. The result of this shortage is that high quality feed in Alberta is being offered at prices much higher than those seen in most of Saskatchewan and Saskatchewan forage growers with quality feed near the Alberta border may be able to sell into this premium market. Whether livestock producers can take advantage of these prices will likely depend on how much confidence they have that their feed supply will be sufficient to take their own livestock through another winter as difficult and lengthy winters have left many cautious about selling hay. As reflected in the prices (Table 9, below), the shortage of high quality feed has resulted in a significant range of asking prices for hay in Alberta as sellers struggle to price hay accurately. The average asking price of alfalfa-grass hay in 2014 was \$127/tonne as compared to \$80/tonne in the 2013 report. The low asking price for pure alfalfa hay (\$110/tonne) was the high price in the 2013 survey, as the average alfalfa asking price has increased by almost \$60/tonne since last year. Straw prices have also increased in this year's survey, from \$51/tonne to \$77/tonne on average. There were slightly fewer offers for all classes of hay in Alberta this year, with the exception of grass hay which decreased from 9 offers in 2013 to only 3 offers in 2014.

Table 8. Forage Prices in Adjoining Jurisdictions

Forage Type	<i>(Prices in CAN \$ per metric tonne)</i>			
	Alberta Gov't listing service (asking \$/T)	Manitoba Gov't listing service (asking price)	Montana State listing service (asking \$/T)	North Dakota State listing service (asking \$/T)
Alfalfa	110-165/T (4 offers)	80-94/T (3 offers)	140-188/T (7 offers)	108-169/T (5 offers)
Alfalfa/grass	74-176/T (15 offers)	83-132/T (4 offers)	73-121/T (5 offers)	77-110/T (4 offers)
Grass	88-138/T (3 offers)	88-115/T (2 offers)	91-169/T (5 offers)	79-109/T (5 offers)
Straw	50-99/T (4 offers)	-	72-28/T (2 offers)	79-80/T (2 offers)
Greenfeed	-	85-87/T (2 offers)	121-157/T (3 offers)	-

*Listings sourced from Alberta, Manitoba, Montana and North Dakota provincial/state listings as of September 15, 2014. All prices converted to Canadian \$/metric tonne by a conversion factor of 1 USD=1.10 CAD.

**Prices presented here are across all cuts, qualities and types thus the large range.

The Manitoba Agriculture weekly crop report for September 15, 2014 indicates that producers in many parts of Manitoba are still attempting to complete a second or third cut of hay, although frost, cool weather and rain are inhibiting progress. High water levels in some areas have meant that this final cut of hay will not be taken and producers may need to look to other feed sources to maintain livestock this winter. Greenfeed is being cut in many parts of Manitoba and producers have also been silaging corn. Pastures remain in good condition due to the rainfall, although reports indicate that some areas are flooded and inaccessible and others have seen an increase in foxtail barley growth on unseeded and moisture-stressed acres. There appears to be little hay trading in Manitoba at this point and few offerings were discovered for hay in September. As haying and harvesting of other forage crops is completed, more trading may take place in Manitoba. Few advertised prices were discovered for hay in Manitoba in September, however the Manitoba Forage and Grassland Association (MFGA) provided a hay price update in their September eBulletin. The average hay prices reported for the western region in this update were 8 cents/lb. (\$176/tonne) for alfalfa hay and 3-4 cents/lb. (\$66-88/tonne) for beef hay. The Interlake region reports straw purchase prices of 2.7 cents/lb. (\$60/tonne).

US market prices for good quality hay remain higher than Saskatchewan prices in 2014. Demand for hay from dairies, horse owners and areas of the country with insufficient supplies has created a steady market for high quality alfalfa and timothy hay, meaning that prices have historically been higher in parts of the US that can sell hay to meet that demand. Forage asking prices have generally declined slightly in the US regions adjacent to Saskatchewan over the past year. A decrease in the number of areas experiencing drought in the central and southern US has likely meant that hay production has been adequate in those areas and buyers are no longer willing to purchase expensive hay and to transport hay the long distances they were forced to in 2012 and 2013. Mixed alfalfa-grass hay prices declined in Montana \$16/tonne on average \$114/tonne in 2013 to \$98/tonne in Montana in 2014, and a similar decline (\$13/tonne) was seen in North Dakota over the same period. Alfalfa hay prices also decreased in North Dakota by \$26/tonne since 2013, although in Montana alfalfa prices increased by \$18/tonne. This differing trend may be due to differences in quality of the forage crop this year as compared to last year.

The United States Department of Agriculture (USDA) weekly hay reports monitor the settled price of hay across auction houses in individual states. For the week ending September 19, 2014, prices were as follows:

**Table 9. Montana and South Dakota USDA Weekly Hay Report Prices
(week ending September 19, 2014)**

	Montana	South Dakota
Alfalfa		
Premium	\$230-236 \$242*	-
Good-Premium	\$206-218	-
Good	\$182-188	\$109** \$154*
Fair	\$164-170	\$85**
Alfalfa-Grass		
Good	-	\$115** \$81*
Grass		
Premium (timothy)	\$290*	
Good (timothy)	\$218*	
Fair	-	\$85
Alfalfa/Barley	-	\$85**
Wheat Straw	\$48	-
Barley Straw	\$61	-

*Prices converted to CDN \$ per metric tonne (\$/T) in large square bales unless otherwise noted *small squares **large rounds*

****Hay Quality Designations - Physical Descriptions:***

Supreme: Very early maturity, pre bloom, soft fine stemmed, extra leafy - factors indicative of very high nutritive content. Hay is excellent colour and free of damage. Relative Feed Value (RFV): >185

Premium: Early maturity, i.e., pre-bloom in legumes and pre head in grass hays; extra leafy and fine stemmed - factors indicative of a high nutritive content. Hay is green and free of damage. RFV: 170-185

Good: Early to average maturity, i.e., early to mid-bloom in legumes and early head in grass hays; leafy, fine to medium stemmed, free of damage other than slight discoloration. RFV: 150-170

Fair: Late maturity, i.e., mid to late-bloom in legumes and headed in grass hays; moderate or below leaf content, and generally coarse stemmed. Hay may show light damage. RFV: 130-150

Utility: Hay in very late maturity, such as mature seed pods in legumes or mature head in grass hays, coarse stemmed. This category could include hay discounted due to excessive damage and heavy weed content or mould. RFV: <130

Montana: Compared to last week: Higher quality alfalfa, suitable for dairy hay, steady, lower quality hay weaker undertone. Demand remains good for dairy hay as that quality has been hard to put up this year, moderate demand for hay for feeding beef cows and feedlot cattle. Hay growers are trying to finish up small grain harvest across the state, showers have continued to delay their progress. Hard freezes occurred across the state this week. Third cutting of alfalfa taking place this week. All prices are dollars per ton and FOB unless otherwise noted.

South Dakota: Compared to last week: All classes traded steady on very light demand. Parts of Wyoming and South Dakota had a good two days of a hard freeze this past weekend. All prices dollars per ton FOB stack in large square bales and rounds, unless otherwise noted. Most horse hay sold in small squares. Prices are from the most recent reported sales.

8) Forage Seed Retail Prices

Table 11 (page 25) contains an inventory of commonly purchased forage seed prices compiled by surveying the retail companies. Three classes of forages are presented: grass, legume and native species. All prices are for certified #1 seed unless otherwise stated.

In general, tame forage seed prices have risen in the past year. Since the January 2013 report, tame forage prices have risen about five cents per pound on average. A few tame forages have risen in price more sharply, by about 50 cents per pound, mainly due to availability of those seeds. Tame forage prices were effective October 2014 to February 2015 and new prices will not come into effect until the winter of 2014/2015. Native forage seed prices are more variable and are generally quoted as spot prices from the company. Native seed prices fluctuate based on availability, and as more new crop seed has been cleaned and offered for sale by late September to early October, seed companies may modify prices as supply becomes more apparent.

Table 10. Forage Seed Prices in Saskatchewan for 2014

Class	Species	Average Price \$/lb	High \$/lb	Low \$/lb
Grasses				
	Smooth Brome	4.18	4.39	3.95
	Smooth Brome (common)	3.94	3.99	3.85
	Fleet Meadow Brome	4.03	4.09	3.95
	Meadow Brome (common)	3.92	3.99	3.85
	Hybrid Brome	4.49	4.59	4.25
	Russian Wildrye	6.58	6.99	6.29
	Tall Fescue	2.82	2.94	2.69
	Fairway Crested Wheatgrass	5.46	5.68	4.99
	Kirk Crested Wheatgrass	3.99	3.99	3.99
	Crested Wheatgrass (common)	3.80*	3.80	3.80
Legumes				
	Alfalfa hay type	4.25	4.29	4.19
	Alfalfa creeping root	4.18	4.25	4.09
	Alfalfa common	3.87	3.99	3.77
	Cicer Milkvetch	3.74	4.17	3.45
	Sainfoin	3.12	3.45	2.96
	Alsike Clover	3.46	4.05	3.19
	Sweet Clover	3.01	3.05	2.99
	Sweet Clover (common)	2.26	2.55	1.89
Native				
	Western Wheatgrass	12.76	14.19	11.63
	Northern Wheatgrass	12.06	12.72	11.19
	Slender Wheatgrass	3.88	4.79	2.23
	Green Needlegrass	12.34	13.40	10.67
	June Grass	27.98	31.20	24.94
	Canada Wildrye	15.47	17.76	14.00
	Purple Prairie Clover	42.24	44.64	38.00
	Hairy Vetch	2.69*	2.69	2.69

*only available from one company surveyed

9) Saskatchewan Pasture Rates

In order to compare private pasture rates to those offered through government agencies, 2014 grazing rates charged by the Saskatchewan Ministry of Agriculture, Agriculture and Agri-Food

Canada (formerly PFRA), Ducks Unlimited Canada and the Water Security Agency were reviewed.

Rates for grazing land owned or managed by these agencies ranged from \$0.60 to \$0.66/cow per day or \$5.99 per animal unit month (AUM) and generally there was no increase in these rates over the past year. Services may vary in these pastures, but generally, fence, water, and animal management are provided. Additional costs include \$30-35/season per calf and \$42-\$45 per head breeding fees. Rates for grassers or feeders are usually the same as rates per cow. In most cases there are minimum charges per head per season or a minimum number of days (ex. 100 days) that cattle remain on pasture. Any vet or medicine costs are charged to the owner of the cattle. Taxes may also be extra and are pro-rated based on land costs and time, resulting in a large variance in this cost depending on location in the province. Rates for these agency-operated pastures remain below the cost for the average private arrangement, although price may be similar in some areas, depending on scarcity of and demand for grazing land. Saskatchewan Ministry of Agriculture staff estimate that the grazing rate plus the additional cost charged by these agencies works out to about \$100/pair over the 140 day grazing season on average (which is approximately \$0.71/pair/day).

Many livestock producers in Saskatchewan rent Crown grazing land on a long-term basis. According to the Saskatchewan Ministry of Agriculture's Lands Branch, the rental cost varies year-to-year based on a formula that takes into account the value of the beef cattle the previous October/November, a production rating factor specific to land being leased called the animal unit month (AUM) rating, a conservation factor that allows the leaseholder to stock at 80% of the established carrying capacity of the land, as well as set values related to the amount of beef produced per AUM and the percentage share of this formula the crown takes for rent (12.75%). In 2014, based on \$6.42/AUM, the average rent paid was \$31.62/acre, while the minimum rent was \$10.53/acre and the maximum was \$56.33/acre. The grazing rate in 2013 was lower, at \$5.99/AUM due to lower beef prices in the fall of 2012 as compared to the fall of 2013. If the anticipated higher fall beef prices are realized, grazing rent prices for crown lease will increase again in 2015. Further information about leasing and purchasing Crown land is available at www.agriculture.gov.sk.ca/Crown_Lands.

The Canada Community Pasture Program Transition will see all former federal community pastures in Saskatchewan transitioned to patron control by 2018. Ten pastures have been transferred to patron-controlled operation for the 2014 grazing season and patron groups in the remaining pastures will have the option to purchase or lease these pastures prior to 2018. The provincial government will offer 15 year lease terms for those pastures opting to lease, although patrons are being encouraged to purchase the pastures rather than to lease them. Lease rates are established through a formula under provincial land regulations that govern all provincially owned pastures. Patron groups may access funding through the Saskatchewan Farm Business Development Initiative for business planning and skills training.

Pasture listings in the Western Producer for August, the Saskatchewan Feed Grain and Forage Listing in August, as well as personal contacts were used to determine average prices for private grazing agreements. A limited amount of information on private land grazing rates was discovered during this survey as these arrangements are often made person to person rather than by advertising. Grazing rates for private land averaged \$0.75-1.10/cow-calf pair per day and \$0.65-0.75/yearling per day, depending on services provided and availability of pasture. In

some areas the higher range of rates (\$1.00-1.10/head/day) is a custom grazing rate including animal management, while in other areas this rate only includes land, water and fence.