

## **Market Price Discovery for Forages in Saskatchewan**

As of July 14, 2007



## **Introduction**

This is a scan of the forage prices in Saskatchewan at the week ending July 14<sup>th</sup>, 2007. Haying is nicely progressing in the majority of the province, with the exception of the northeast/east central areas where high rainfalls have prevented the start of haying, or if hay has been cut, baling is far from started. With haying just underway, new crop prices are a challenge to tease out.

Feedlot Operators and Provincial Forage Agronomists all indicated that they do not anticipate a significant price difference for straight alfalfa hay, alfalfa/grass hay and good quality grass hay this year. The combined prediction of these professionals is an average price of \$40-\$45 per Ton baled. The top end that they foresee is \$50 per Ton baled.

Many individuals and professionals in the central and eastern portions of the province indicated that there is an abundance of all classes of forages still standing in their area. There is a common concern (which is growing) that if the wet weather continues much longer the standing forage will be so mature that it will be of little feed value. If this happens, purchasers in the area who require a good quality mixed hay have indicated that the price for mixed hay with good feed value will sky rocket. In this situation the local supply of good quality forage will not be able to fill the demand.

There are localized areas in the province where the hay prices are already higher than expected and will tend to stay that way. Green feed is also expected to be higher priced here. Areas characteristic of these localized high prices are where ground squirrel (gopher) populations and low to moderate moisture conditions intersect. It is important to note that these areas, which tend to be in the south west/south central portion of the province, historically have higher forage prices or a greater fluctuation in pricing from year to year.

The July 8<sup>th</sup>, 2007 Provincial Crop Report reports that 70% of provincial hay and pasture land has adequate topsoil moisture. Provincially, 20% of forage has been baled or silaged, and 23% is lying in the swath. Many areas expect to see an average to above average hay crop, except in the southwest where drier conditions are resulting in reduced hay yields.

## **Current Forage Prices**

The following table contains a breakdown of grass, alfalfa/grass and alfalfa forage prices as available as of July 14<sup>th</sup>, 2007. It is important to note that at this time of year, the pricing for standing forage\* is much better established than for baled forages. Hence both, when found, are listed.

**Table 1.** Forage Prices in Saskatchewan as of July 14, 2007

<u>Forage Type</u>	<u>Condition</u>	<u>Asking, Buying, or Settled Price</u>	<u># of Traders</u>	<u>Quantity</u>	<u>High</u>	<u>Low</u>	<u>Weighted average</u>
Grass	standing	settled	5	3390 Tons	\$15.00/T	\$3.85/T	\$14.01/Ton Standing
Alfalfa/grass	baled	asking	6	2151 Tons	\$64.00/T	\$30.00/T	\$54.80/Ton baled
Alfalfa/grass	standing	asking	8	1879 Tons	\$35.00/T	\$10.00/T	\$23.95/Ton standing
Alfalfa/grass	standing	settled	5	5600 Tons	\$14.60/T	\$10.00/T	\$13.41/Ton standing
Alfalfa/grass	delivered	buying (feedlots)	4	250,000 Tons ++	\$65.00/T	\$55.00/T	\$57.50/Ton delivered
Alfalfa/grass	baled	buying (feedlots)	4	250,000 Tons ++	\$45.00/T	\$45.00/T	\$45.00/Ton baled
Alfalfa	baled	asking	6	3464 Tons	\$65.00/T	\$34.38/T	\$46.50/Ton baled
Alfalfa	standing	asking	1	442 Tons	\$44.00/T	\$44.00/T	\$44.00/Ton standing
Alfalfa	standing	settled	3	2340 Tons	20.00/T	\$22.00/T	\$20.50/Ton standing
Alfalfa	baled	buying (feedlots)	4	10000 Tons ++	\$50.00/T	\$45.00/T	\$47.50/Ton baled

\* Utilizing the 2006-2007 SAF custom rate guide, the going rate for custom cutting and baling is approximately \$25-\$30/Ton, with custom baling running at \$11.18/bale and custom cutting running at \$15.42/ acre.

Clover is a low demand and low supply forage crop in the province. Two new crop prices were found through the entire price discovery process totaling 725 Tons. There is limited to no purchasing by feedlots of this commodity. The average asking weighted price is \$40.75/Ton baled.

Provincial Forage Agrologists from all regions have indicated that green feed seeded acres are in the normal range. In the very wet regions of the province the seeded green feed acres tend to be higher than normal as it was the last resort for seeding many producers had. If the forecast changes to drier weather a good green feed crop can be expected.

Green feed is still standing across the province. Feedlots indicated they usually do not purchase this commodity. It can safely be assumed that the value of green feed will be lower than perennial forages across the province, especially if the weather is hot and dry north of the Yellowhead Highway for the remainder of the month. The southwest region, with localized hay shortages, will have higher priced green feed but prices will still be below the price of perennial forages. The average 2006 greenfeed price as of October 2006 as indicated by the SFC Hay Report was \$41/Ton baled. Currently, barley and oat futures prices are as follows:

*Feed Barley- May 2007 (Lethbridge delivery price)- \$180.00/tonne*

*Feed Barley- October 2007 delivery (WCE)- \$175.00/tonne*

*Milling Oats- August 2007 delivery (Canadian millers)- \$199.06/tonne*

Dehy alfalfa is slow to come off the field this year due to wet conditions in the North East. Dehy plants indicate that the dockside Vancouver price is approximately \$215/Ton. They expect that producer payments will be approximately \$20/Ton standing. The 2007 dehy alfalfa crop 1<sup>st</sup> cut has just been clipped, however late frosts took their toll and tonnage was low. The 2<sup>nd</sup> cut is looking good but overall dehy producers will be lucky to harvest 2-2.5 Ton/acre this year, significantly lower than normal. Dehy producers expect 2007 prices to be \$40-\$50/Ton for sun-cured, baled alfalfa.

The export timothy market appears to be floundering in Saskatchewan. Alberta Timothy Company Inc. of the Airdrie area is no longer purchasing Timothy from Saskatchewan producers although they did historically. The 2007 Southern Alberta crop is of excellent quality, and the central area, where haying has just begun, appears to be of good quality. The in field prices being offered by the Alberta Timothy Company to their Alberta producers are: \$130-\$140/Ton for excellent quality to \$50/Ton for poorer quality Timothy. There is only one purchaser of Timothy in Saskatchewan and they have not set their 2007 prices yet.

Many years the forage crop, or lack thereof, in the northern United States affects the price of forages in Saskatchewan. This is particularly true south of the #1 Highway. According to Jerry Saude of the North Dakota State Land Department, North Dakota and Montana have received normal to above normal yearly precipitation to date. Hay crops are looking good and tonnage appears to be good. Jerry has not seen much new crop hay trading as of yet due to good on farm yields. The USDA's weekly hay report for the northern states places any demand there is coming from out of state buyers, with a weak price of \$80.00/Ton for fair-good large Alfalfa bales. It does not appear that US demand will have much affect on Saskatchewan hay prices in 2007.