



New Mexico State University

Extension Plant Sciences

Alfalfa Market News

New Mexico Hay Association, www.nmhay.com



Hay Prices for New Mexico

Volume 10, Issue 6

October 6, 2011

County	Contact	Premium Hay (\$/ton)	Top Quality Hay (\$/ton)	Other Hay (\$/ton)	Condition/ Market Activity/Cut Complete
Chaves	Sandra Barraza, County Agent	\$300-350 del; \$330-350 small in barn; \$10.00-10.50 per small bale		\$280 striped del; \$360-370 bagged alfalfa pellets	6 th cut 35%; Market strong; Demand high, most selling only to regular customers; Some rain, warm days/cool nights.
Colfax	Boe Lopez, County Agent	\$300-315	Nothing less than \$245 if available		3 rd 50%; Some producers had no cuts this year; Dry and very cool
Dona Ana	Jeff Anderson, County Agent	\$325-350 large del; \$15.00-18.00/3-string bale	Nothing less than \$250-300 if available		5 th cut 100%, maybe short 6 th ; Most hay contracted/spoken for; Much larger demand than supply; Concern building as winter approaches
Lea	Wayne Cox, County Agent	\$340+ large; \$12-13.00 small	\$300+ large; \$9-10.00 sm	\$250+ if available	6 th cuts started; High demand, low supplies; Prices rising quickly as fall approaches
Luna	Jack Blandford, County Agent	\$280 large and small bales		\$150-200/ton for Sudan hay	6 th cut 75%; High demand on all classes; Some storing for winter sales; Slow growth with cooler temps
Roosevelt	Patrick Kircher, County Agent	\$275-350 large del; \$7-12 small square		Limited 2011 haygrazer \$110/round bale	5 th 75%; Much more demand than supply; Low yields, poor stands; Infestations of worms reported
Valencia	Kyle Tator, County Agent	\$260-300; \$7.00-9.00/bale small	\$220-260; \$6-7.00/bale small	N/A	5 th cuts started; High demand, supplies moving rapidly; Isolated showers, cooler temps

N/A = prices and/or supplies not available at this time

New Mexico Hay and Other Market Situations

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Hay prices throughout New Mexico have continued to increase during 2011. Primary factors driving prices include; aggregate supply, drought conditions throughout the western United States, and growth in the dairy industry. These forces when combined have constituted historically high hay prices. As the growing season in New Mexico comes to an end for 2011 expectations for continued upward movement in prices are anticipated.

Producers of hay are reporting that supplies are very short with many growers indicating that they do not have any hay in storage at this point in time. This is the case throughout much of Arizona, Colorado, New Mexico and Texas. Demand continues to rise in all sectors of the livestock market. These sectors include the dairy, feedlot, and beef cattle industries in the southwest region of the United States.

Alternative crops that were planted for this production year such as cotton and wheat due to anticipated price levels being the highest in recent memory have played a significant role in the overall supply of hay available in 2011. Estimates are that alfalfa acreage has fallen by as much as 15% in several western states from 2010 levels due to the historic prices of other commodities. Experts suggest that 2012

will see a reduction in overall hay prices, but the lower prices may not be significant if the dairy industry continues to receive milk prices that are financially sustainable.

USDA expects U.S. production of alfalfa and alfalfa mixtures to total 65 million tons in 2011 encompassing just over 19 million total acres. Expected yields would result in the lowest supply of hay and other hay products experienced since 1993. Overall supply is the shortest it has been since the production years of 1988 and 1989. It is expected that hay supplies will fall to about 15 million tons nationally by May of 2012. The supply in New Mexico is anticipated to be well below historical averages due to very little carryover from the previous marketing period.

Current premium alfalfa prices in the state range between \$275 and \$350 per ton. Alfalfa prices for imported hay from outside of New Mexico range from \$270 to \$300 per ton when available. The dairy industry continues to play a large role in alfalfa hay prices. Expectations are that these prices will rise prior to potentially falling at the beginning of the next hay marketing year. The dairy industry has continued to expand herd size with favorable milk prices driving up the derived demand for alfalfa and other hay products necessary for continued production.

Drought conditions persist across much of the western U.S. with reported rangeland conditions in poor or very poor condition now comprising greater than 40% of the total. This factor will place additional pressure on hay supplies for the foreseeable future. Beef cattle producers are currently faced with the choice of continuing to feed livestock or liquidate their inventory as many rangelands are not able to support the demands of livestock during this prolonged dry period.

The conclusion that most have come to accept is that price levels of alfalfa and other hay will continue to gain momentum as supplies are further liquidated and herd sizes are expanded in a period when aggregate acreages have declined. This process will begin to show signs of correction in the next marketing period, but historical records indicate that high hay prices will persist in New Mexico and adjoining regions for the remainder of 2011 and the beginning of 2012. Alfalfa and other forage producers are experiencing a unique set of circumstances which have placed them in a seller's market. Under these conditions, highest profits are often obtained when producers manage their hay for maximum yield rather than nutritive value.

