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What Should I Charge for Hay this Year?

What's the price of hay right now? With the high input prices this season, it's a real rodeo. Between high fuel, fertilizer, and herbicide prices, it seems that harvesters are going to have to really know the value of driving their equipment over the hay field.

To help producers figure out the cost of making hay, K-State and Oklahoma State University Agriculture Economics Departments have a number of tools available. The OSU Annual Forage Hay Budget can tally the expenses and returns per ton and per bale, giving you a break-even price estimate. The K-State machinery costs calculator can break down the pricing for any enterprise, including hay harvest. These tools are free to use and available online. These calculators use operating costs: seed, fertilizer, crop insurance, labor, fuel and maintenance costs to calculate expense totals. The tools don't leave out the fixed costs: land rental, property taxes, depreciation or interest rates.

Another handy tool is the Kansas Hay Report. This is a collection of data showing how much has been paid for various hay types. The reports are made available weekly by the USDA Ag Marketing Service. There are categories for forage types, like alfalfa, bluestem hays, brome or fescue. These categories are also broken into sections of bale type and size, and then further noted in quality.

The quality of the bales is based on crude protein. A premium grass hay will have a crude protein percent above thirteen. Good quality grass hay indicates a crude protein of nine to thirteen percent. Of course, we know that the energy value of hay is also important; that's one of the hay market's shortcomings.

Another factor that gets overlooked in the hay market is bale weight. The weekly hay reports are given in price per ton, but many folks don't have scales to know the exact weight of their bales. A bale that measures 5x4 in size might weigh anywhere from 900 lbs to 1500 lbs! Density matters when figuring the waste at storage and feeding, and of course the amount of hay that is actually available to feed an animal. When a bale is tightly wrapped, rain and snow are shed more easily, and less storage waste occurs.

In a perfect world, hay harvesters would be able to know the exact cost of operation, the weight of each bale made, and the exact quality of that bale. But equipment is used for numerous enterprises, with no solid line to draw between hay harvesting and other activities. Not every hay baler has scales to weigh the amount of forage in the net wrap. Quality testing is a cumbersome pursuit and must be done precisely.

Also, in the perfect world, purchasers of hay are willing to pay harvesters the price that covers expenses, including the labor of gathering off the field and transporting the preserved forage to a convenient location.

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