

Forage Market Price Discovery in Saskatchewan

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This market price discovery report details the current market prices and trends for forage products in Saskatchewan as of September 21, 2013 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 2013 forage crop and provide predictions based on the available information about the yield and price of the 2013 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 201	4
3) Field Pest and Disease Impact and Reports for 2013	7
4) Current Saskatchewan and Neighbouring Transportation Costs	7
5) Current Saskatchewan Forage Prices	9
6) Regional Forage Pricing Trends	16
7) Adjoining Jurisdictions Forage Price Trends	19
8) Forage Seed Retail Prices	22
9) Saskatchewan Pasture Rates	23

List of Tables:

Table 1. 2013 Transportation Costs for Forages in Saskatchewan	8
Table 2. 2013 Transportation Costs for Forages in Alberta (AB) & Manitoba (MB)	8
Table 3. Square Bale Asking Prices in Saskatchewan 2013	10
Table 4. Saskatchewan Forage Prices as of September 21, 201	11
Table 5. Comparison of SK Forage Prices September 2012-September 2013	13
Table 6. Saskatchewan Dehy Product Prices for 201	14
Table 7. Expected Timothy prices for 2013 crop (AB and SK)	15
Table 8. Forage Prices in Adjoining Jurisdictions	20
Table 9. Montana and South Dakota USDA Weekly Hay Report Prices	21

Table 10. Forage Seed Prices in Saskatchewan for 2013

23

1) Executive Summary

Stakeholders in the forage industry are challenged every year to gain a comprehensive understanding of forage production and price trends. Information about forage prices is often limited to word of mouth and can be misleading, as markets differ substantially based on local conditions and demand. A diversity of sources and contacts were consulted in this survey to provide a snapshot of the forage industry in September 2013 and to project pricing trends. As both buyers and sellers attempt to determine accurate pricing for forages this fall, this report will provide guidance as to price and production trends in Saskatchewan in 2013.

The winter of 2012/2013 set the tone for forage production this year, as early winter snowfall combined with an extended spring left many in the livestock industry scrambling to find sufficient feed and eagerly awaiting the opportunity to turn cattle out on spring pastures. The spring of 2013 was cold and snow was slow to melt, giving forages a late start this year. Cool and moist conditions in July made hay harvest challenging with much of the first cut hay having some rain in the windrow or was cut at a mature stage. With average yields and uncertain quality, many hay producers with their own livestock to feed are reluctant to sell hay that they may need for the upcoming winter. The late growing season has led to additional challenges in fall pricing of forages as some producers had not completed harvest of the second cut of hay by early September.

As compared to the September 2012 Forage Market Report, prices have risen for all types of hay and straw included in the survey. Mixed alfalfa-grass hay prices have increased more than \$10/tonne and prices for pure alfalfa hay have gone up even more sharply (see Table 5). There is strong demand for high quality forage this fall. Southern Saskatchewan continues to supply hay to US buyers, but indications are that demand is not as strong in this market as it was a year ago. Low hay stocks in Saskatchewan combined with an easing of drought in some US states have created a shift back to more buying and selling of hay within the province.

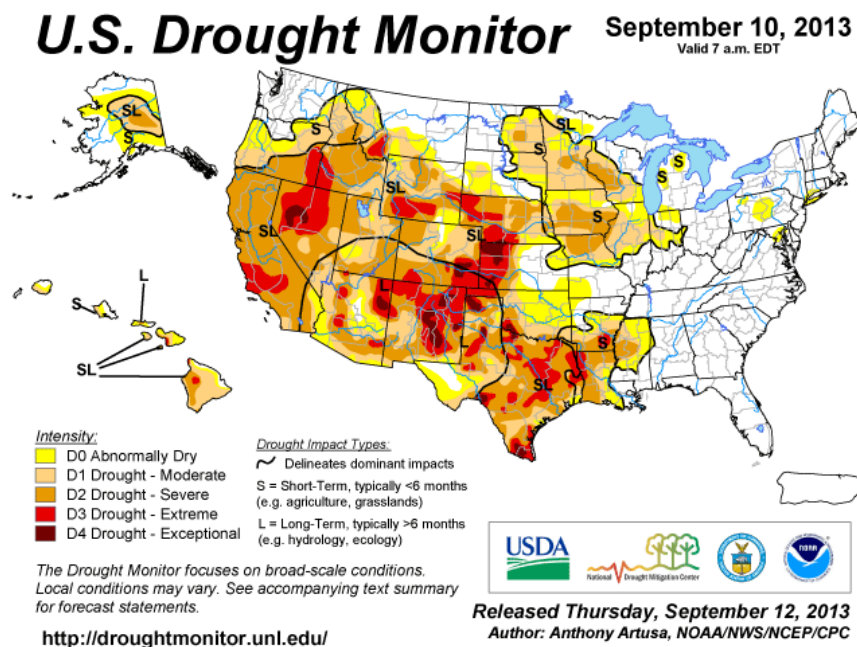
Reports from most regions of Saskatchewan are that forages continue to be taken out of production in favour of grain and oilseed crops. Whether this trend continues will depend largely on both grain and forage prices as well as how profitable the cattle industry is. With feed grain prices dropping significantly over the past summer and optimism in the cattle industry, forage growers will be closely watching hay prices and auction sales this fall to determine the demand for their product.

2) Saskatchewan Forage Production Trends for 2013

A long and snowy winter followed by a late spring was the story in 2012/2013 for virtually all of Saskatchewan. Reports from around the province are that hay stocks dwindled as producers began feeding earlier than usual and snowfall and cold weather until well into spring made early grazing challenging as well. Intermittent showers in some parts of Saskatchewan during the 2013 haying season resulted in some issues with hay quality due to moisture or maturity at cutting. One reason for the wide variation in hay prices discovered this fall is likely the large variation in hay quality, and buyers should be feed testing to be sure of what they are really purchasing.

When comparing forage prices in neighbouring jurisdictions, asking prices appear to be higher in both Montana and North Dakota than in the Western Canadian provinces scanned (see Table 9). Demand for hay continues to be strong in some parts of the US, and although reports from southern Saskatchewan indicate that this is the market of choice for many hay growers and livestock produces with surplus feed, there appears to have been a decline in hay moving from Saskatchewan to the United States since the last Forage Market Report. Buyers in this market would prefer high quality hay, and in particular, 100% alfalfa. Most hay for sale in Saskatchewan in 2013 is alfalfa/grass mixed hay, and much of it is of uncertain quality. As seen in the US drought map pictured in Figure 1 below, drought conditions still exist in some states while others experienced beneficial rainfall in the spring and summer months. Parts of Texas, Kansas, Nebraska and Iowa and much of the western US remain dry. USDA reports indicate that Montana forage growers have been able to supply hay to out of state buyers as improved moisture conditions in 2013 have meant an increase in forage supply for Montana.

Figure 1. US Drought Monitor Map for September 10, 2013

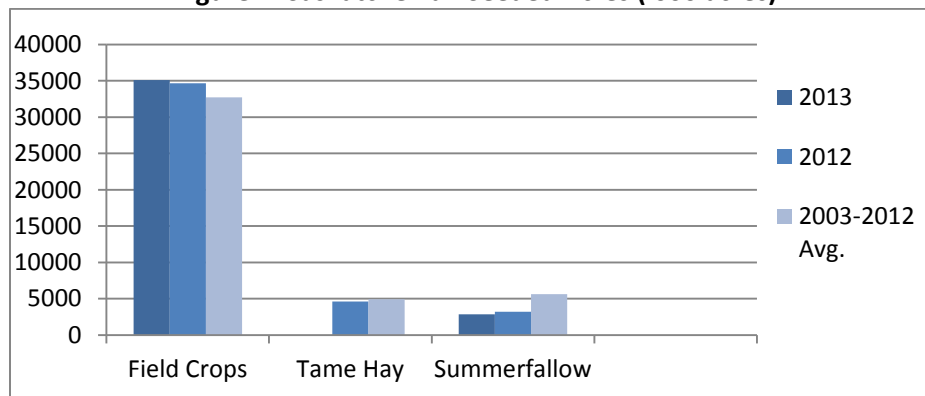


Cattle numbers in Saskatchewan dropped 1% from July 1, 2012 to July 1, 2013 (*Cattle on Farms* Statistics Factsheet, Saskatchewan Ministry of Agriculture, August 22, 2013). Optimism in the cow-calf sector regarding calf prices this fall, along with lower feed grain prices and better margins may result in a slowdown in liquidation of the cow herd. Sellers in the forage industry would benefit from more retention as there will be more cattle to feed this winter. As calves begin to move through auction markets in the upcoming months and as harvest is completed, a more complete picture of how the forage market is trending will emerge.

Reports from around Saskatchewan indicate further land is being taken out of forage production and into grain or oilseed cropping. Saskatchewan Ministry of Agriculture Regional Forage Specialists confirm that this is slowly taking place throughout the province, as farmers transition out of livestock production or retire and sell or rent land to grain farmers. 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 decreased 60,000 acres from 2011 to 2012, but the 2013 numbers are not yet available. Some of this land is being used for grain production as part of a rotation and will be returned to forage production, and in other cases the permanence of this change will likely be determined by the perceived profitability of forage versus annual crops.

Figure 2. Saskatchewan Seeded Acres ('000 acres)



Source: Agriculture Statistics Factsheet 2013 July Estimate of Production, Government of Saskatchewan

Manitoba hay producers experienced many of the same issues as Saskatchewan producers during the 2013 growing season. Dry weather in the spring followed by high humidity and some excess moisture in western and south-western Manitoba slowed haying and reduced quality of some forage crops. Further damage from alfalfa weevils and grasshoppers resulted in forage yields slightly below the annual average in many parts of Manitoba, which may provide a market for hay growers in eastern Saskatchewan. Further east in Ontario, poor haying conditions have again hampered producers' efforts to increase feed supplies and shortages of forage for cattle and other livestock are being reported. The Hay East program, which supplied hay to Ontario farmers experiencing shortages expired at the end of February 2013, and reportedly the approximately 10,000 bales of hay supplied from this program was far short of the estimated 50,000 bales of hay required by farmers to feed livestock through the 2012/2013 feeding season (Ontario Federation of Agriculture <http://www.ofa.on.ca>).

Availability of greenfeed and crop residue will largely depend on fall temperatures and growing conditions. With competitive grain prices, annual crop production will likely focus on harvesting grain rather than forage wherever possible. The cool, wet spring led to late sowing or emergence of crops in many regions and this may result in some greenfeed production if it appears that crops cannot be harvested before temperatures cool. It is anticipated that there will be plenty of straw produced, as crop production looks to be average to above-average this year. However, as grain farmers continue to leave straw as residue on fields, it can be difficult to acquire straw at a reasonable price in some areas.

Going into the growing season, most parts of Saskatchewan had adequate soil moisture due to winter snowfall and runoff. According to the Saskatchewan Ministry of Agriculture's Hay and Pasture Topsoil Moisture Conditions Map for September 10, 2013, topsoil moisture conditions are still adequate in the majority of Saskatchewan hayfields and pastures. Thirty-five percent of hay and pasture topsoil is reported as short of moisture and ten percent is rated very short of moisture, particularly in the Western and Central parts of the Province. The Southeast has seen

the highest cumulative rainfall this summer as compared to the rest of the Province. It appears that most producers will be able to put up adequate supplies of hay for the upcoming winter (2013-2014) as yields are average to above-average in most of Saskatchewan, however forage quality may be an issue.

3) Field Pest and Disease Impact and Reports for 2013

The 2013 Saskatchewan grasshopper forecast predicted only light to very light grasshopper risk to crops throughout much of the Province. Cool, moist conditions in spring and early summer were not favourable for grasshoppers, but as temperatures increased and conditions became drier in August, grasshopper populations increased. There have been no reports of significant grasshopper feeding on perennial forage crops in 2013.

Following significant yield reductions of alfalfa crops due to alfalfa weevils in 2012, producers were vigilant in monitoring hay crops for this pest in 2013. The Saskatchewan Ministry of Agriculture Crop Report indicates that weevil damage to hay crops was not as severe in 2013 and the weevil hatch occurred weeks later than in 2012, allowing producers more time to harvest hay before significant yield reduction could occur. Reports from Forage Specialists indicate that only south central Saskatchewan experienced noteworthy weevil damage in 2013, while the rest of the Province saw similar or decreased levels of weevil feeding as compared to 2012.

According to the Provincial Forage Specialist, potential negative impacts to forage quality in 2013 also include downy mildew, which was discovered in alfalfa stands in central and northwest Saskatchewan this year and is thought to be related to snow levels, late melt and cool spring conditions. Although downy mildew is rarely an economic issue for alfalfa production, this disease bears watching if the spring of 2014 is cool and wet. Ergot is common in brome grass and native wheatgrasses and during wet years it seems to be more prolific. This year Forage Specialists expect more cases of ergot in our tame and native grasses. Ergot hasn't been monitored or evaluated to any extent in forage crops in Saskatchewan but is sporadic throughout the province and can have a negative impact on animal health if present in high concentrations in forages or grains.

4) Current Saskatchewan and Neighbouring Transportation Costs

The Saskatchewan transportation industry reports slightly higher rates for long hauls in 2013, although hourly rates for shorter trips appear to have remained fairly static in the past year. Fuel costs and more time required to load and unload as compared to grain hauling are cited as two of the reasons that prices may be rising, as well as an explanation of why some transporters have exited the hay hauling business altogether. Short hauls are generally for local customers and include a variety of load sizes based on truck and trailer type. Some of these rates are for self-loading/unloading trucks and others may require the producer to load or unload the hay. Northern Saskatchewan in particular reports very little hay moving at all and no reports of transport cost in this area could be found. As a whole, Saskatchewan transport costs ranged from \$5.00-\$8.00/loaded mile and \$100-\$140/hour for shorter hauls. Some transporters charge additional fees for loading/unloading time, which accounts for some of the variation in rates.

As described above, there is still a market for hay in areas that are enduring continued drought in the US, however as compared to 2012 there is less demand for feed as the drought eased in some areas and there is less surplus forage for sale that is of high enough quality to justify transport over long distances. With increased hay available for sale in Montana and other states this year, US buyers will likely save on transport costs by purchasing feed closer to home. This decreased activity in US bound transports, along with the winding down of the Hay East program may result in more hay being traded and transported within Saskatchewan if it is available for sale. Table 1 provides current transportation rates in Saskatchewan for hay and feed.

Table 1. 2013 Transportation Costs for Forages in Saskatchewan

Location	Rate in \$/loaded mile (long hauls)	Rate in \$/hr (short hauls)
North	-	-
North East	6.00	112.50
North West	-	125.00
Central	6.60	132.50
West Central	5.75	117.50
East	6.75	122.50
South	6.00	120.00
Provincial Average*	\$6.22/mile	\$121.67/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. Transporters in both provinces report that there is not as much hay moving as there was last year at this time, but that they expect to become busier later in September. Throughout Alberta and Manitoba current rates continue to range from \$5.00-\$6.30/loaded mile, with an average of \$5.70/loaded mile. Short hauls are reported at \$95.00-150.00/hour with an average of \$120.00/hour. Refer to Table 2 for current hay transportation rates in regions of Alberta and Manitoba.

Table 2. 2013 Transportation Costs for Forages in Alberta (AB) & Manitoba (MB)

Location	Rate in \$/loaded mile (long hauls)	Rate in \$/hr (short hauls)
Northern AB	6.80	150.00
Eastern AB	6.00	125.00
Southern AB	-	110.00
Western MB	5.00	-
Central MB	5.00	95.00
Average	\$5.70/mile	\$120.00/hour

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

5) Current Saskatchewan Forage Prices

Saskatchewan hay prices are slowly being established as second-cut haying is being completed and producers are taking stock of inventories in anticipation of the winter feeding season. Sellers and buyers alike are struggling to determine an “average” price for forages, as there is significant variation in quality and price of hay this fall. Livestock producers will likely work to rebuild supplies before selling hay this fall, and may be cautious in purchasing feed of unknown quality. It is anticipated that fewer loads of hay will be sold to the US market in 2013 than in 2012 and the impact of this shift back to mainly domestic sales is still unknown but will be closely watched.

Grass: The majority of the forage grown in Saskatchewan is mixed hay containing alfalfa and grasses such as brome grass or crested wheatgrass. However, there is some demand for grass only hay. Auction marts report that they would prefer straight grass hay or hay with less than 25% alfalfa to feed to young calves brought in for sale. Much of the grass hay is also advertised as ideal feed for horses, targeting horse owners who prefer hay with little to no alfalfa included. Prices of purchases and sales from within these sectors are reflected in the values shown in Table 3. With the exception of timothy, which is listed separately in this report, grass hay was slightly lower in price on average than mixed alfalfa/grass hay. The price range of \$63-90/tonne for grass hay this fall can be attributed to a wide variation in quality and nutritional value of this forage.

Standing Forages: Very few listings were found for standing hay this year. 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). Seven asking prices were located for standing hay (grass or mixed) in July and August 2013. These ranged from as low as \$2/tonne up to \$25/tonne. Many of these advertisements were described as being priced low in order to have someone cut the hay. There were also a number of opportunities to make an offer to cut standing hay, which had no price associated with them. Like pasture arrangements, many agreements to cut standing forage appear to be made in person to person deals and are often long-standing arrangements. For these reasons, accurate pricing can be hard to discover for standing forage.

Greenfeed: The trend away from greenfeed continues, as only two offerings of greenfeed were discovered in Saskatchewan during this survey. A few greenfeed prices were also found in neighbouring provinces/states, but were priced as high as \$203/tonne in North Dakota. As of September 2, only 14% of the Saskatchewan crop had been harvested according to the Saskatchewan Ministry of Agriculture Crop Report. Crops that were seeded late or in cool spring conditions may be cut for greenfeed depending on stage of maturity and weather conditions this fall. If September becomes cool and frost risk increases, greenfeed may become available as farmers determine that they will not be able to combine some crops.

Clover: No prices were available for clover in August or September. There does not appear to be a consistent market for clover hay in Saskatchewan or for export. Only one price was discovered in the January 2013 report for clover, and that was an asking price from an Alberta forage grower. As producers look to reduce input costs and maximize profits, a biennial crop such as clover is less desirable than a grain or oilseed crop or perennial forage crops such as alfalfa.

Straw: With harvest not yet completed, few prices were found for straw this year. The majority of ads found were buyers looking to purchase straw, and these ads did not state what the buyer was willing to pay. Asking prices ranged from \$30-50/tonne for cereal straw in this survey. The trend in the farming industry continues to be chopping straw rather than dropping it to bale and this can make it difficult for feedlots, auction markets and livestock producers to source straw, and is also putting a higher value on this commodity. Reports indicate that a good grain crop will result in lots of straw production this year, but the question of whether there will be enough available for sale has not yet been answered.

Small square bales: A number of prices were discovered for small square bales in the 2013 survey. Small square bales, weighing 40 to 80 pounds are convenient for acreage owners or those with small scale equipment who require lesser amounts of feed. Small square bales represent a different market than large round or square bales and are priced accordingly. Many of the advertisements target horse owners and this hay often contains a high percentage of grass and is of high quality. A few auction marts also reported purchasing quantities of both small square hay and straw bales. These bales are easy to handle and store and can be used in areas that are not accessible for larger bales. The table below lists the average prices discovered in August and September 2013 for small square hay and straw bales.

Table 3. Square Bale Asking Prices in Saskatchewan 2013

Forage Type	Average Price \$/T*
Alfalfa Hay	199 (5 offers)
Alfalfa-Grass Hay	166 (7 offers)
Grass Hay	171 (6 offers)
Straw	121 (2 offers)

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

Listing sourced from Kijiji, Western Producer, SK Agriculture Feed Listings and other contacts around SK.

Organic Hay: There appears to be very little organic hay on the market in 2013, as few prices were discovered for this commodity. Many of those that produce organic hay do so for their own use or may have existing agreements and therefore no need to advertise. Only one asking price of \$110/tonne was found for organic round bales during this survey. An interesting market that does exist for organic forages is the demand for organic alfalfa pellets for the US market. This market may provide an opportunity for organic farmers who wish to include a legume as part of their rotation and who would be willing to sell their organic forage.

Table 4. Saskatchewan Forage Prices as of September 21, 2013

Forage Type	Condition	# of Traders	Quantity (T or acres)	High (\$/T)	Low (\$/T)	Weighted Average (\$/T)
Grass	Standing	3	12125	25	18	18
Alfalfa-Grass	Standing	6	4790	44	2	39
Alfalfa	Standing	2	750	50	50	50
Grass Hay	Baled	20	3796	110	63	82
Alfalfa (1st Cut)	Baled	16	7056	168	63	98
Alfalfa (2nd Cut)	Baled	11	2980	168	65	111
Alfalfa-Grass	Baled	48	12155	126	44	81
Greenfeed	Baled	3	224	83	50	70
Clover	Baled	0	-	-	-	-
Cereal Straw	Baled	8	1178	60	28	46

Legend: T = Tonne

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

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

Table 5. Comparison of Saskatchewan Forage Prices from September 2012* and September 2013

Forage Type	Condition	Asking, Settled or Buying Price	2012 Weighted Average Price (\$/T)	2013 Weighted Average Price (\$/T)
Grass	Standing	Settled	15	18
Alfalfa/Grass	Standing	Buying	21	50
Alfalfa/Grass	Standing	Settled	22	44
Alfalfa	Standing	Settled/Buying	33	50
Grass	Baled	Buying	67	82
Grass	Baled	Asking	67	81
Alfalfa (1 st cut)	Baled	Buying	72	100
Alfalfa (1 st cut)	Baled	Asking	77	89
Alfalfa (1 st cut)	Baled	Settled	93	110
Alfalfa (2 nd cut)	Baled	Buying	106	110
Alfalfa (2 nd cut)	Baled	Asking	121	112
Alfalfa/Grass	Baled	Buying	70	84
Alfalfa/Grass	Baled	Asking	66	79
Alfalfa/Grass	Baled	Settled	76	85
Straw	Baled	Buying	42	49
Straw	Baled	Asking	42	44

*Forage prices reported in the September 2012 Saskatchewan Forage Market Report as prepared by the Saskatchewan Forage Council

Dehy Alfalfa:

It has become increasingly difficult for Western Canadian alfalfa processors to source straight alfalfa. Alfalfa processors in the Province generally grow much of their own alfalfa or have agreements in place to ensure a supply of straight alfalfa. Processors note, however that there is a strong demand for pure alfalfa from dairies in Saskatchewan and the US. These dairies are having trouble accessing a reliable supply of good quality alfalfa. The strong US demand for dehy products and local demand for hay has created good market potential for hay growers who are able to produce a quality supply of alfalfa with little to no grass in the stand.

Prices for standing alfalfa purchased by dehy processors appear to be consistent this year and cube and pellet prices are down slightly from both the January 2013 and September 2012 prices. Consistent with other forage crops this year, processors caution that these prices may change as demand becomes clearer later in the fall.

Table 6. Saskatchewan Dehy Product Prices for 2013

Product Type	Price \$/T
*Dehy Pellets	265
**Sun-cured Pellets	230
***Cubes	220

(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*

Export Timothy: Export Timothy production capacity remains similar to last year in Western Canada, with few processors participating. The main markets for timothy are the equine industry in the US and international exports to Asia. The Middle East is a secondary, but growing market for export timothy as well. Due to the cost of transporting this crop over long distances to international markets, a high quality product is desired. Quality of timothy declines quickly as the plant matures, and rain showers during the summer of 2013 have caused much of the timothy crop to become over-mature and thus lower in quality.

. The first-cut timothy crop in Alberta and surrounding provinces and states was rain damaged and/or harvested at a very mature stage like many other types of hay and feed brokers report difficulty sourcing high quality timothy in 2013. Timothy yields are reported to be above-average in much of Alberta, but hay is coarse and mature. Reports from this industry are that there are more buyers looking to access horse-quality timothy than there are sellers at this time. Prices reported rose again for first-cut timothy after reports that there had been rainfall on the second cut of timothy in the Columbia River Basin in British Columbia. Determining accurate pricing is difficult for timothy at this time as many sellers are still feeling out the market and are reluctant to sell until prices and supply are established.

Saskatchewan processors report that the crop has been average this year but that it will be difficult to access high quality timothy due to the trouble Alberta growers have had with rain and late harvest of the hay crop. Processors estimate that premium quality timothy may be

purchased for between \$190-270/tonne in Alberta but they do not expect to be able to find a lot of premium product.

Table 7. Expected Timothy prices for 2013 crop (AB and SK)

Timothy Quality Level	Price \$/T
Supreme (<i>Horse Hay</i>)	290
Premium	230
Low Premium	243
Standard	198
Utility	134

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(All prices delivered) (Prices in \$ per metric tonne (\$/T))

Silage: Barley silage prices are calculated by feedlots based on feed barley prices. In the September 2012 survey, the average barley silage price reported was \$61/tonne. At that time, feed barley prices ranged from \$4.60-6.00/bushel. Feed barley prices dropped significantly over the past summer and as of September, prices are \$3.50-3.75/tonne. (www.rayglen.com/pdf/Rayglen%20Market%20Comments%209-4-13.pdf). These prices may fluctuate as barley and corn crops are harvest this fall. This price drop has directly impacted silage pricing, and silage price is reported to be \$41-\$42/tonne at the time of this survey.

Feedlots throughout Saskatchewan were surveyed regarding silage prices. Many of the feedlots contacted produce their own silage and do not purchase any. This is also a bulky product that is generally not transported over large distances, so it must be locally available. It appears that whenever possible, feedlots prefer to put up their own silage in order to have a guaranteed supply. Feedlots may also substitute alternative feed sources such as dried distiller's grain with solubles (DDGS) or canola meal for a portion of the silage ration when it is economically feasible to do so, which reduces the demand for silage.

6) Regional Forage Pricing Trends

South West: Significant rainfall occurred during the June through August time period in the south west after an initially dry spring. For many producers haying season stretched well into August as they dealt with the higher than average rainfall through the haying season. As a result, forage quality is reduced due to the late maturity at which some hay was cut, and also due to the rainfall events that occurred on windrows through the haying season. Alfalfa plant bug and alfalfa weevil were the two major insects affecting hay yields in this region in 2013. The Saskatchewan Ministry of Agriculture Regional Forage Specialist reports that the alfalfa plant bug was observed most around the Swift Current/Cantour region, and the alfalfa weevil was observed at highest densities in the Mankota/Gravelbourg/Hazenmore area. The alfalfa weevil damage in the Swift Current region was greater than 2012, with most of the damage occurring south and east of Swift Current, and with the greatest impact around Gravelbourg. The above average rainfall through summer helped buffer the yield damage from these insects.

Late August and early September have been hot and dry, causing pastures to mature and turn brown, but most pastures have produced well in 2013.

Hay stocks were very low coming out of winter due to the extended winter feeding period due to the late spring in 2013, but supplies improved as the region generally saw higher than average yields this summer. Forage quality will need to be analyzed as feed quality is likely reduced. Some hay is moving into the U.S., and into Southern Alberta markets from this area and prices appear higher than average, with some hay trading in the \$80-100/tonne range in early September. Very little greenfeed is being produced in the south west. There are reports of producers baling lentil straw as the lentil crop is very good. Forage acres continue to decline in this region in favour of annual crop production.

South East: Hay stocks were low in this region after late snows which saw producers feeding livestock well into spring. Heavy movement of hay into the US market has also reduced supplies. Following dry weather early in the season, June and July were rainy and humid, resulting in weathering or delayed cutting of hay. For this reason, yields in the region were average but quality is likely below average. Forage acres continue to be taken out of production in favour of annual crop acres in the Southeast. With the large grain crop, there is likely to be sufficient straw available. With crops behind schedule in the region, the date of the first frost will have an impact on availability of feed, including feed grains, greenfeed, straw and crop residue.

The Regional Forage Specialist reports that prices are variable so far this season due to the wide range in hay quality. Hay exports to the US are expected to continue, but at a lower rate than in 2012.

East Central/North East: In the North East and East Central areas, haying season was delayed by rain in July. Much of the hay was cut late between intermittent showers, so there is an expectation that forage quality will be reduced mainly due to maturity at cutting. Despite large alfalfa weevil populations in the 2012 season, the damage in 2013 was patchy and larvae were generally reaching the economic threshold stage just at the time of hay cutting. A frost on the night of June 3rd caused damage to some alfalfa fields in the region.

Yields are anticipated to be average for this area, at just over 1.5 tons/acre. The long winter feeding season resulted in low stocks of hay in the North East by the spring of 2013. Regional reports indicate that the hay shortage has resulted in a price rise from \$60 per ton (\$66/tonne) to around \$75 per ton (\$83/tonne) for grass/alfalfa hay and \$85 per ton (\$94/tonne) for good quality alfalfa hay. There is not a lot of hay trading in the area at the time of this survey and prices are expected to move up further as the market tightens up.

Annual crops are progressing well in the region, and there will likely be a slight decline in forage acres again this year in the North East as more annual crops are planted. Reports from East Central Saskatchewan are that forage acres numbers remain stable as some land is being taken out of perennial forages and some is being reseeded back to perennials. There is expected to be a slight increase in greenfeed acres as some producers look to compensate for low supplies of feed. With the success of annual crops, there will likely be good availability of straw this fall.

Pasture conditions have been good, although producers were challenged to find spring pasture due to the delayed snowmelt. Although August has been a dry month, producers should be able to keep livestock on pasture for the remainder of the growing season.

Central/West Central: The 2013 haying season started with unsettled and humid conditions. Some producers started haying and missed the spotty showers while others did not, however, where there was some rain it was not significant amounts. Other producers in the central area delayed their haying process and missed the rains, but this later hay was often too mature when put up. Moisture conditions were generally good and resulted in good regrowth in west central Saskatchewan. Alfalfa weevils were not a problem in the west central region, and no pests significantly affected forage crops this year. Regional Forage Specialists report that 2013 hay yields ranged from 1 to 2.5 ton/acre, with 1.7 ton/acre average for alfalfa/grass hay. Yields were variable due to spotty rains and timing of these rains. West Central Saskatchewan reported better haying conditions and more timely completion of haying than Central Saskatchewan and other parts of the province.

Hay stocks coming out of the 2012/13 winter were low and feed supplies are in need of replenishing. The Forage Specialist reports that west central Saskatchewan has not been very active in growing hay for export markets in the past, and there has not been any significant hay movement either locally or further afield so far in 2013 as producers look to build up their own feed supplies. Accurate pricing has not yet been developed for this region as hay movement is limited to a few advertisements and local agreements, but prices appear to be \$80-90/tonne for alfalfa and \$65-75/tonne for alfalfa/grass hay according to reports from the area. With strong annual crop prices and older farmers in the area transitioning out of the cattle business, there continues to be pressure to convert hay land to cropland. Irrigated forage acres have remained fairly stable over the past few years, with about 11% of the irrigated acres in the three major irrigation districts in forage production.

There will be ample greenfeed and straw supplies for those that grow these feeds in west central Saskatchewan and there is ample crop residue feed available, although few producers in the region take advantage of this option. Pasture conditions have been good for most of the season but regrowth has been limited as August has been a dry month. Conditions are currently considered fair for most pastures. Hay and pasture topsoil conditions for the region are rated as about 55% adequate and 45% short to very short. It is anticipated that there will be sufficient pasture to maintain cattle until late September or early October.

North West: There was little hay carry over this past winter in the North West region of Saskatchewan. Most hay stacks were fed out completely due to the 6 months of snow on the ground and a late pasture start. Hay yields in this region are above average for the most part, ranging from 1.8 to over 3 tons per acre. Quality may be an issue for some producers that had to deal with continual rains throughout the haying season. Many producers were still cutting and baling hay at the end of August, some of those completing a second cut.

Accurate prices are still not established in this area. Very little hay is being sold as producers are rebuilding their hay supplies. The Regional Forage Specialist estimates that \$55 to \$65 per ton would be the range of asking prices in this area, but this may increase depending on availability. Due to the distance to the US border, this region has not historically sold a significant amount of

hay into the US market, so prices are based on local demand or transport within Western Canada.

North Central: Hay stocks in the North Central region coming out of the 2012-13 winter were low, and prices were high. As a result livestock were turned out onto pastures early resulting in slower pasture regrowth and poor pasture conditions. South of Prince Albert had very little rain throughout August so the hay quality tends to be good, however yields are down. North of Prince Albert has been variable for rain with many localized rain storms and showers. Heavy dew in the mornings and showers has led to high variability in quality although quantity seems to be about average.

Many producers were caught off guard by the poor forage quality last year and used up much of their reserve forage trying to pull through the longer than normal winter. As a result many are reluctant to sell hay this year and as a result, there are few advertisements. Prices seem to reflect that uncertainty and prices discovered for this area were often high when they could be found.

Regional Forage Pricing Trends Summary: Early snow and the delayed spring resulted in reduced hay stocks in all regions of Saskatchewan. In the south, many producers with excess feed in 2012 sold hay into the higher-priced US market, resulting in further depletion of hay supplies. Coming into the summer of 2013, growers were hoping for at least an average forage crop to restock winter hay and keep cattle on pastures well into fall. Although late to start, forage crops appear to be average to slightly above-average in most of the province. There is a wide spread in hay prices, with anywhere from \$55/T-\$90/T being reported, but prices appear to be trending upward compared to last year. Unsettled weather during haying season will make it difficult for buyers to find hay that hasn't been rained on or cut late. This variation in hay quality is likely one reason for the forage price spread. West central Saskatchewan appears to be the area least-affected by rain during haying, and will likely have the best quality hay in the province. High quality hay may be difficult to find in many parts of Saskatchewan this year so may be priced at a premium as the winter feeding season approaches.

7) Adjoining Jurisdictions Forage Price Trends

There are mixed reports regarding the impact of US demand for hay on Saskatchewan forage prices. Some areas report a slow-down in trade while others, particularly in south-west Saskatchewan, indicate that they are seeing as much demand as in 2012. Reports from areas near Swift Current are that hay prices have been competitive, as US buyers look for high quality hay to purchase and producers are also selling hay in Southern Alberta. The late start to the growing season in Western Canada has created uncertainty in the market as producers work to harvest the second cut of hay before a frost. With the wide variation in hay prices advertised, many are cautious about trading until supplies become more certain. As mentioned previously, the winding down of the Hay East initiative means there will not be a subsidy to move hay to Ontario, meaning that there will likely be little hay moving into Ontario in 2013. Parts of Manitoba report inadequate winter hay supplies for 2013/2014, so Manitoba livestock producers may be looking to Saskatchewan to supplement low stocks this fall.

The Manitoba Agriculture weekly crop report for September 9, 2013 indicates that the second cut of hay harvesting is completed for many areas of the province and nearing completion in

other areas at the time of this survey (<http://www.gov.mb.ca/agriculture/crops/seasonal-reports>.) Forage yields are expected to be average in most of Manitoba, and forage supplies for winter are expected to be adequate for the majority of producers but inadequate for 5-10% of producers in some areas. Pastures are drying up and in some areas producers are supplementing cattle on pastures or have moved them to crop stubble to graze, while other pastures are still adequate. As compared to the September 2012 survey, asking prices in Manitoba appear to be higher for all types of forage listed. Slightly fewer offers were discovered this year for hay. Prices for alfalfa/grass hay ranged from \$55-77/tonne in September 2012 as compared to \$66-110/tonne in this survey. Decreased forage supplies due to growing conditions and winter feeding in 2012 and 2013 have likely contributed to this rise in prices and decline in number of offerings.

Alberta forage producers experienced many of the same challenges as their Saskatchewan counterparts in 2013. Late June and early July were cool and wet, resulting in lower quality forage or over-mature forage that was cut late. At the end of August, the second cut of hay was reported to be 22% completed in Alberta and indications are that most of this feed will be of good to excellent quality. Producers will begin to assess supplies and their need to buy or ability to sell hay as the second cut is completed. At the time of this report, there is not a great deal of hay being traded in Alberta as buyers and sellers wait to see what the markets will do as the second cut is harvested. Initial indications are that average prices may be up again this year in Alberta, but this will ultimately depend on the quality of the hay on offer. The price range for alfalfa/grass hay in 2013 is \$55-130/tonne while the range for the same type of hay in 2012 was \$44-132/tonne. The 2012 report saw 45 offers for alfalfa/grass hay while in 2013 only 19 offers were discovered.

Table 8. Forage Prices in Adjoining Jurisdictions *(Prices in CAN \$ per metric tonne)*

Forage Type	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	55-110/T (6 offers)	72-150/T (4 offers)	115-173/T (3 offers)	148-207/T (5 offers) 90-100/bale (3 offers)
Alfalfa/grass	55-130/T (19 offers)	66-110/T (9 offers)	87-161/T (11 offers)	80-143/T (10 offers) 25-100/bale (5 offers)
Grass	55-130/T (9 offers)	73-110/T (4 offers)	92-201/T (3 offers)	110-139/T (4 offers)
Straw	25-66/T (5 offers)	26-58/T (4 offers)	-	47-86/T (3 offers)
Greenfeed	-	90/T (1 offer)	-	213/T (1 offer)

*Listings sourced from Alberta, Manitoba, Montana and North Dakota provincial/state listings as of September 15, 2013. All prices converted to Canadian \$/metric tonne by a conversion factor of

1 USD=1.05 CAD.

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

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 13, 2013, prices were as follows:

Montana: Compared to last week: All classes of hay remain steady. Demand is very good for high RFV testing dairy quality hay, more moderate for lower qualities. Alfalfa growers are working on the third cutting. Hot and dry conditions are allowing hay to cure quickly and able to be baled up without rain on it. Hay supplies are much more plentiful than last year.

South Dakota: Compared to last week: no market analysis available due to very limited trade however a lower undertone was noted on all classes. Demand continues to be very light on slow trade. Producers and buyers alike are reluctant to participate in the current market conditions due to price instability. The region has experienced above normal temperatures for the third week in a row. Limited rainfall coupled with the abnormally high temperatures continued to draw down soil moisture reserves and further stress dry land crops and rangeland. Most horse hay sold in small squares. Prices are from the most recent reported sales.

**Table 9. Montana and South Dakota USDA Weekly Hay Report Prices
(week ending September 13, 2013)**

	Montana	South Dakota
Alfalfa		
Supreme	\$219 \$277-290*	-
Good-Premium	-	\$162
Good	\$173-185 \$150-173**	\$163-173**
Good-Fair	150**	-
Fair	-	\$139-150**
Alfalfa-Grass		
Good-Premium	\$231*	-
Good	\$145**	-
Grass	-	-
Good-Premium	\$208	-
Good	\$185	-
Barley/Pea Hay	\$162	-
Wheat Hay	-	\$99**
Wheat Straw	\$53	-
Barley Straw	\$69	-

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

8) Forage Seed Retail Prices

Table 11 (page 23) 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 December 2012 to March 2013 and new prices will not come into effect until the winter of 2013/2014. Native forage seed prices are more variable and are generally quoted as spot prices from the company. Native seed prices fluctuate based on availability.

Table 10. Forage Seed Prices in Saskatchewan for 2013

Class	Species	Average Price \$/lb	High \$/lb	Low \$/lb
Grasses				
	Smooth Brome	3.96	4.19	3.49
	Smooth Brome (common)	3.82	3.99	3.59
	Fleet Meadow Brome	3.66	3.69	3.55
	Meadow Brome (common)	3.54	3.59	3.45
	Hybrid Brome	4.24	4.39	3.79
	Russian Wildrye	6.93	7.69	6.29
	Tall Fescue	2.73	2.79	2.69
	Fairway Crested Wheatgrass	4.39	4.69	4.19
	Kirk Crested Wheatgrass	3.52	3.59	3.39
	Crested Wheatgrass (common)	2.75	2.75	2.75
Legumes				
	Alfalfa hay type	4.29	4.41	4.19
	Alfalfa creeping root	4.03	4.09	3.95
	Alfalfa common	3.70	3.79	3.45
	Cicer Milkvetch	4.19	4.19	4.19
	Sainfoin	3.05	3.25	2.96
	Alsike Clover	3.35	3.79	2.94
	Sweet Clover	2.99	2.99	2.99
	Sweet Clover (common)	2.63	2.79	2.55
Native seed prices in \$/kg				
Native	Western Wheatgrass	10.07	10.43	8.50
	Northern Wheatgrass	10.80	13.73	8.50
	Slender Wheatgrass	5.94	8.14	3.95
	Green Needlegrass	9.91	10.77	8.38
	June Grass	29.96	32.42	26.50
	Canada Wildrye	18.50	20.48	17.91
	Purple Prairie Clover	41.16	46.69	31.00
	Hairy Vetch	4.17	5.35	2.99

9) Saskatchewan Pasture Rates

In order to compare private pasture rates to those offered through government agencies, the Saskatchewan Ministry of Agriculture, Agriculture and Agri-Food Canada (formerly PFRA), and the Water Security Agency were all contacted regarding grazing rates for 2013.

Rates for grazing land owned or managed by these agencies ranged from \$0.55 to \$0.66/cow per day or \$5.99 per animal unit month (AUM). 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. 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. These rates vary greatly depending on the value of the land but on average are approximately \$17/head in Southern Saskatchewan. Even with these additional costs, rates for these agency-operated pastures remain below the cost for the average private arrangement. 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).

Of interest to Saskatchewan livestock and forage producers is the winding down of the Federal Community Pastures Program. This six year process will see the federal government return 85 community pastures in the Prairie Provinces to the provincial governments and will likely result in a number of new pasture management agreements throughout the province. Ten Saskatchewan pastures will be divested in the fall of 2013, with full divestiture expected to be achieved by 2018 (Agriculture and Agri-Food Canada <http://www.agr.gc.ca/eng/?id=1298388156452>). The impact this change will have on pasture rates in Saskatchewan is still unknown but all stakeholders will be closely observing this process as it unfolds over the next six years.

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 \$0.90-1.00/cow-calf pair per day and \$0.75/yearling per day. There are many different arrangements for private grazing, and these may include pricing per head, per pound of gain or per acre. Animal management may or may not be included in these prices. Demand is a driving factor, and areas where little pasture is available for rent or purchase tend to have higher prices for grazing.

