

# FORAGE MARKET PRICE DISCOVERY – SASKATCHEWAN

JANUARY 2016



This document details the current market prices and general trends for forage products in Saskatchewan and nearby jurisdictions as at January 15, 2016. Information was obtained through a variety of methods including telephone interviews, personal interviews, electronic correspondence, social media communication as well as advertisements found on-line and in newspapers. The goal of this report is to provide an accurate assessment of forage prices across Saskatchewan at this current point in time. All data collected was as current and credible as possible, and each piece was carefully analyzed to determine its relevancy. The information reported in this document is for use by the Saskatchewan Forage Council. The Saskatchewan Forage Council, including the author of this report, have made every effort to ensure the accuracy of the data reported, 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 document.

A sincere thank you goes out to all of the ***forage, dairy and beef producers*** that were contacted to share their insight and current perspectives on this valuable industry. ***Thank you*** for taking time out of your busy schedules!!

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## 1) Review of 2015 Growing Season and Forage Production

Hay yields were far below average while quality was average or slightly better than average for Saskatchewan in 2015. Table 1 shows Saskatchewan's dryland yield estimates for the 2015 growing season. The cool and dry conditions early in 2015 significantly hampered yields and as farmers started cutting and baling hay and learning yields were almost half of what the expected average was, panic set in and prices reached record levels, particularly in August and September of 2015.

**Table 1. 2015 Saskatchewan Dryland Hay Yield Estimates (tons/acre)**

Region	Date	Estimated 2015 Hay Yield (short tons/acre)				Supply
		Alfalfa	Alfalfa/Grass	Other Tame Hay	Greenfeed	
Southeast	Oct 29	1	1.2	1.1	1.6	Adequate
Southwest	Oct 29	0.7	0.6	0.7	1.6	short to adequate
East Central	Oct 29	1.5	1.6	1.2	1.9	adequate to surplus
West Central	Oct 29	1.1	0.9	0.9	1.7	short to adequate
Northeastern	Oct 29	1.5	1.5	1.8	1	adequate to surplus
Northwestern	Oct 29	1.1	1	0.7	1.5	short to adequate
<b>Provincial AVG</b>	<b>Oct 29</b>	<b>1.1</b>	<b>1.1</b>	<b>1.0</b>	<b>1.7</b>	<b>Adequate</b>

**Source:** Saskatchewan Ministry of Agriculture, October, 2015<sup>1</sup>.

Forage yields were also lower for neighbouring Alberta but were higher than average for Manitoba, as reported by Statistics Canada. Overall, Canadian tame hay yields were at their lowest point in four production years, as demonstrated in Table 2.

**Table 2. Tame Hay Yields in Manitoba, Saskatchewan, Alberta and Canada, 2012-2015**

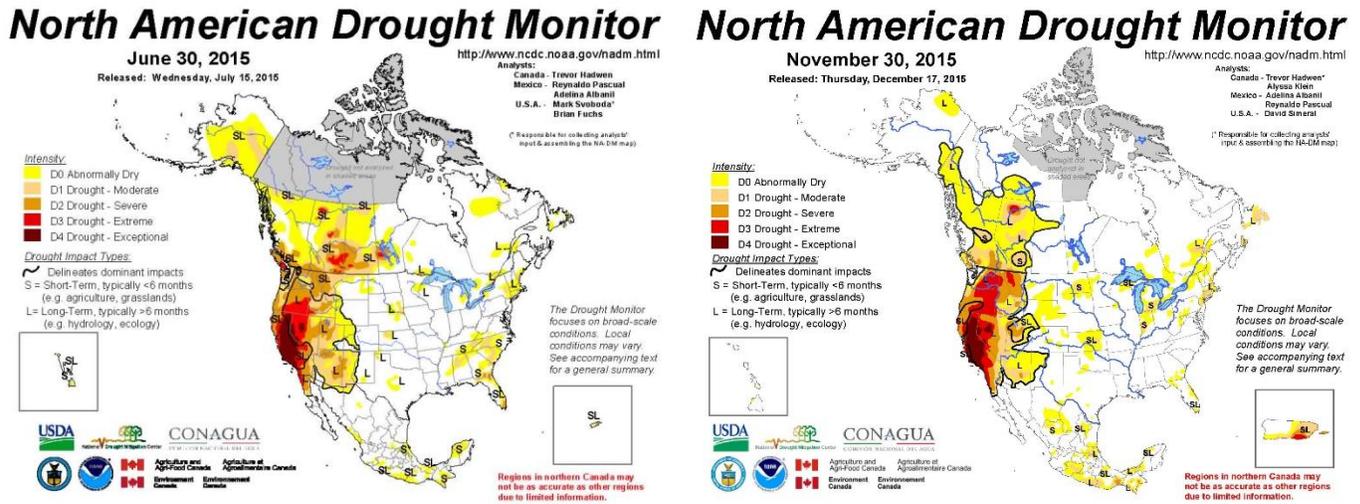
Location	Harvest	2012	2013	2014	2015
Manitoba	('000 metric tonnes)	2,617	2,676	2,903	2,985
Saskatchewan	('000 metric tonnes)	5,121	4,990	5,012	3,642
Alberta	('000 metric tonnes)	7,711	7,589	7,258	4,971
Canada	('000 metric tonnes)	25,259	26,405	25,960	22,526

**Source:** Statistics Canada, 2015

Most regions received timely fall rains which enabled producers to obtain second cuts or even third cuts. Hay was valued at such high prices that many producers risked cutting within the six week period prior to a killing frost in order to obtain more forage. Silage yields were reported as being higher than average although corn silage was put up slightly later than normal. A lot of crops were diverted towards greenfeed to help make up for the forage shortfall, and straw and other alternative feeds, such as grain and screening pellets, are being utilized this winter to balance lower cost rations. Many producers also opted to cull their herds heavy and early in the fall to capitalize on good livestock prices while saving feed.

The North American Drought Monitor shows that as of November 30, 2015, Saskatchewan is not experiencing drought conditions which is a much different scenario than at June 30, as shown below in Figure 1. These maps also portray the ongoing severe drought experienced along the West Coast.

**Figure. 1 Comparison of North American Drought Conditions as at June 30 and November 30, 2015.**



**Source:** North American Drought Monitor, 2015.

An unseasonably warm winter for 2015 and 2016 across Saskatchewan has enabled producers to conserve more forage than normal. Pastures stayed green late into the fall allowing producers to graze cattle longer into the season. Currently, most regions are reporting adequate forage supplies, likely due in part to the mild winter we’ve experienced. Neighbouring Manitoba is reporting lots of current hay inventory and even crop reports from Alberta, which has been a major market driver in 2015, are suggesting forage supplies are adequate or just slightly less than adequate.

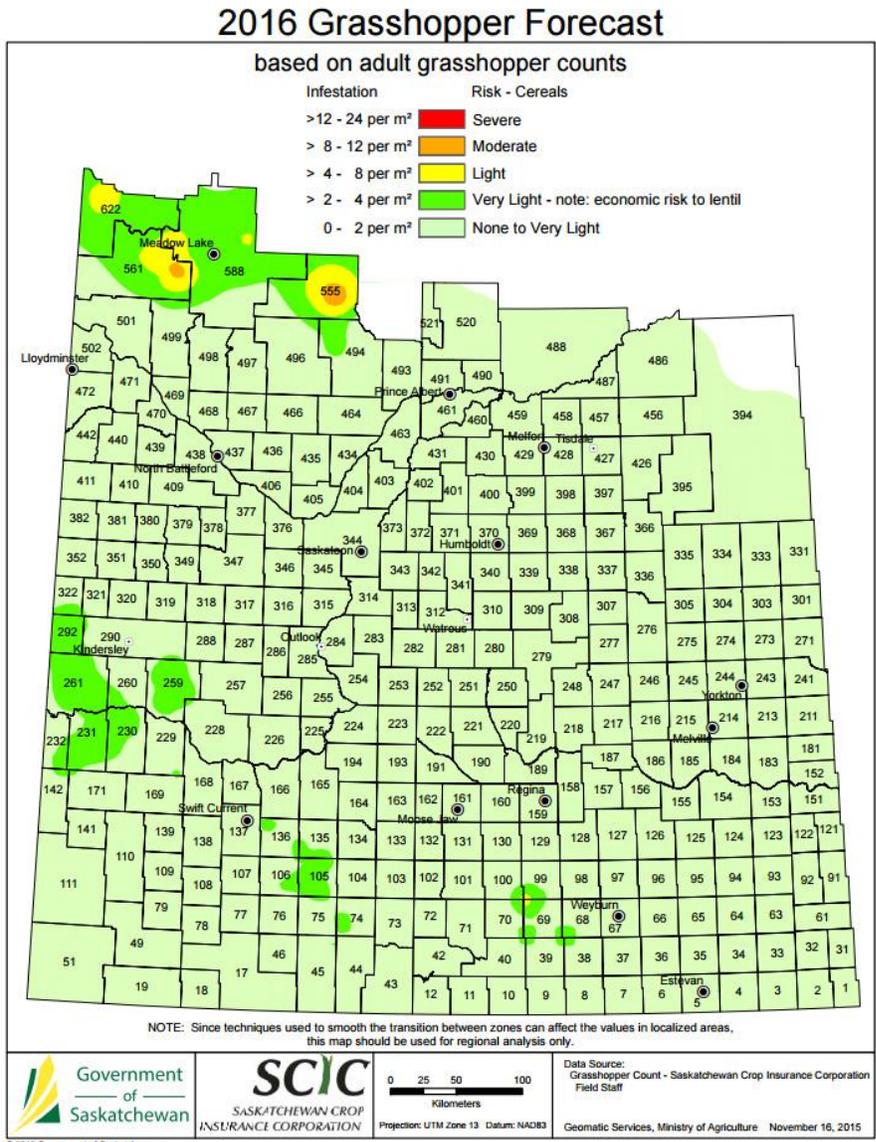
Prices have softened substantially across Saskatchewan since September however they are still quite high compared to previous years. Most classes of baled forages have increased when compared to last year with the exception of grass hay. For alfalfa and alfalfa/mix hay, prices are currently \$50/tonne higher than they were last year at this time and are currently priced at \$135-165/tonne. Greenfeed is approximately \$30/tonne higher compared to last year, and the current reported average is \$110/tonne. Straw has increased around \$15-25/tonne and is currently priced at \$66/tonne. Grass hay has remained similar to last years’ value of \$87-88/tonne. Silage values have also increased in value compared to the previous year by approximately \$10/wet tonne. Barley silage is currently worth \$53/tonne and corn silage is valued at \$58/tonne.

## 2) Field Pest Impact and Projections for 2016 Growing Season

The Saskatchewan Ministry of Agriculture’s 2016 Grasshopper Forecast map demonstrates that there is a low risk of grasshopper damage for most regions of the province with the exception of two pockets in the north, near Meadow Lake and Big River, as seen in Figure 2. The forecast is an estimate based on available information in September and October of 2015, however grasshopper activity was reported

later than normal in southwest Saskatchewan due to the extended warm fall. Spring weather conditions will have a major impact on the development of grasshoppers for the 2016 forage growing season.

**Figure 2. 2016 Saskatchewan Grasshopper Forecast**



**Source:** Saskatchewan Ministry of Agriculture, 2015<sup>2</sup>

Insects such as alfalfa weevils, lygus bugs, alfalfa plant bugs and lesser clover leaf weevils are all insects that can cause economic damage to legume forages in Saskatchewan. In 2015, there were no reports of significant damage due to any of these pests.

In previous years, alfalfa weevils in particular have been increasing in occurrence in the province, and have devastated stands of alfalfa before they could be harvested. There were alfalfa weevils found in some parts of southeast Saskatchewan, though not at levels that warranted major damage. Adult alfalfa weevils overwinter in soil and plant debris in and near alfalfa fields and emerge in the spring, when

females lay eggs (Saskatchewan Ministry of Agriculture, no date). Spring conditions are a contributing factor for alfalfa weevil survival. Given that there were some weevils present in stands in 2015, albeit at low levels, there may be a concern that weevils will become a problem in 2016.

Plant diseases, including ergot and fusarium, have impacted Saskatchewan's forage crops in recent years. In addition to reducing forage quality, these fungi can have anti-nutritional properties for livestock and cause health problems. In 2015, Ministry of Agriculture staff did not note the presence of ergot or fusarium or any other major plant diseases causing problems in forage, feed grains, greenfeed, chaff or silage. As these diseases thrive in cool, wet growing conditions, the dry conditions in the early 2015 growing season reduced disease issues in most crops. A forage disease survey that took place in northeast Saskatchewan in July of 2015 did reveal the presence of a few diseases including mold, common leaf spot, ergot, fusarium, silvertop, powdery mildew, and other diseases, however they were not problematic.

### **3) Current Forage Freight Rates in Saskatchewan & Neighboring Areas**

Forage transport rates have been relatively unstable in the past year, ranging from a provincial average of \$5.71/loaded mile in the September 2015 Forage Market Price Discovery report to \$6.09/loaded mile at this current time. Discussions with drivers has shown that prices are set based on available business, with transporters charging more during busy seasons and less during slow times. Terms also vary greatly between companies, with some transporters charging different rates for short hauls compared with long hauls, some companies charging for empty (i.e. unloaded) kilometers and still other companies adding fuel surcharges depending on the time of year.



While diesel prices have been a major factor in transportation costs, they don't appear to be the only contributing force behind hay transport costs on the Prairies. For example, on January 13, 2015, Natural Resources Canada reported the average diesel retail price in Regina, SK was \$1.089/liter and the provincial average for hay transport rates at that time was \$6.44/loaded mile. Fast forward to this year, where the January 12, 2016 average diesel retail price in Regina, SK is \$0.895/litre, the current provincial average for hay transport is \$6.09/loaded mile. These prices appear to be slightly higher than reported this past September and slightly lower than reported last year at this time.

While there are not as many hay transporters in the province relative to other commodities such as grain, the strong trade and early movement of hay in the fall of 2015 did see some occasional hay haulers become more engaged in the business. As well, several transporters speculate that the reduced

activity in the oil patch has freed up both trucks and drivers to serve in other transport sectors, including hay and forage, causing additional competition and potentially a reduction in rates.

**Table 3. January, 2016 Hay Transportation Costs in Saskatchewan**

Region	Rate (\$/loaded mile – long hauls)
West/West Central	\$4.83
Central	\$6.24
East	\$5.19
South	\$5.63
<b>Average*</b>	<b>\$6.09/loaded mile</b>

\*Note: province-wide average was obtained from all reported values across Saskatchewan regardless of region

Transporters in neighbouring provinces were also surveyed to provide some context for prices outside of the province. Alberta transporters commented that most of the hay they hauled was within Alberta, whereas Manitoba transporters hauled hay far into Alberta, logging many long hauls. Table 4 displays the provincial average rates as reported during this survey.

**Table 4. Hay Transportation Costs in Neighbouring Provinces**

Province	Rate (\$/loaded mile – long hauls)	Rate (\$/hours – short hauls)
Alberta	\$5.79	-
Manitoba	\$4.30	\$125

Some advertisements for forages include transportation to certain destinations or specify that transport may be available, however these arrangements typically are lower than commercial prices therefore they have been omitted from transport average.

#### **4) Current Saskatchewan Forage Prices**

Prices were obtained throughout the fall and winter up until mid-January, 2016. Prices were assembled from listings through the Saskatchewan Ministry of Agriculture Feed and Forage Listing Service, listings in the Western Producer, electronic sources such as Kijiji.ca and HayExchange.com as well as many personal phone calls to producers, feedlots, hay growers, transporters and forage specialists.

Average prices reported in Table 5 are those **collected from mid-December to mid-January**. There were no values reported for yellowfeed, hauled crops, or yellow sweet clover during this period.

Reports from surveyed individuals indicate that forage prices have softened greatly since earlier in September. Timely late fall rains combined with a mild, open winter for much of Saskatchewan helped to alleviate pressure on the forage market. Many producers had an extended grazing season, particularly in the southern part of the province, with pastures staying green later than usual into the season, thus reducing their dependency and requirements for forage. Most of Saskatchewan did not receive any snow until mid-November and even then, it was not in abundance.

Forage, greenfeed and straw was still trading regularly into November and December, however many people report that it has slowed down in January. Winter weather conditions will dictate price movement in the next few months, however, as producers move towards calving and start using their stored feed. Many reports suggest producers will likely have enough forage to meet their needs,

however there is not an abundance of feed on-hand, therefore a delayed spring, or very cold or dry conditions in early 2016 could push prices up once again.

**Table 5. Average current forage prices in Saskatchewan as at January 16, 2016**

Forage Type	Weighted Average Price (\$/Tonne)	High (\$/Tonne)	Low (\$/Tonne)
Grass Hay	112	160.33	88.14
First Cut Alfalfa	158.18	176.37	140
Second Cut Alfalfa	165.00	165.00	165.00
Alfalfa/Grass Mix	135.92	176.37	80.00
Greenfeed	110.66	143.30	88.18
Straw	66.14	110.23	22.05
Organic	179.12	179.12	179.12
Barley Silage	52.93*	64.00	44.09
Corn Silage	57.87*	70	48.50

\*simple averages available only for these commodities

**Grass Hay**, when assessing prices from October, 2015 to January, 2016 is currently valued at \$112/tonne which is higher than the 2015 January asking price of \$87/tonne. Since prices peaked in September with a simple reported average of \$163, they have steadily decreased. There was not a lot of grass hay trading however, and it is suggested that much of the grass hay listed was actually slough hay and not seeded tame grass hay. Quality and value of this hay may be subjective. As well, it is projected that much of the alfalfa/grass hay listed and traded was actually comprised of  $\leq 20\%$  alfalfa, therefore the value of grass hay with  $\leq 20\%$  alfalfa may actually be closer to **\$120/tonne**.

**First and second cut alfalfa** prices have fallen gradually since their reported average in September of \$197.23/tonne and \$232.33/tonne respectively and settled at around \$155-165/tonne. This is higher compared to what their value was in January of 2015 when it was reported to be around \$110/tonne.

**Alfalfa/grass** mix hay continues to trade regularly with more listings than any other forage type. As with other forage types, alfalfa/grass has steadily decreased in price since September when it was reported to be worth \$177.35/tonne. It is currently listed at \$135.92/tonne, which is quite high compared with what it was trading for in January of 2015 at \$70-108/tonne.

**Greenfeed** was integral this past year as producers looked to source available forage to meet their needs. In most regions across Saskatchewan, there were reports of crops being diverted from harvest and into livestock feed. This was partially due to lower crop commodity prices, areas where crops were poor or at various stages (i.e. second growth) or areas with hail damage. Several different types of crops were utilized for greenfeed including the expected barley and oat crops, as well as more unusual crops such as canola and durum. Greenfeed is currently trading at \$110.66/tonne, and has dropped gradually since September when it was worth \$140.96/tonne. It is still worth significantly more than it was one year ago, when the January 2015 report valued greenfeed at \$81/tonne.

In 2015<sup>3</sup>, the Saskatchewan Ministry of Agriculture published an online calculator to assist producers with determining the economics of producing a cereal crop compared with harvesting that crop for silage or baling it for greenfeed. The Grain Silage Greenfeed calculator can be found [HERE](#).

There was a noticeable increase in **yellowfeed** listings with the fall season being wetter than average and producers opting to bale more crops. There has been no yellowfeed listed since November, 2015 when it was valued at \$102.88/tonne, however it was more prevalent in the past year. In September, 2015, it was reported as being \$141.92/tonne and similar to other forage crop types, it decreased in value since September.

**Silage** values have increased since this time last year when barley and corn silage was reportedly worth \$41-48/tonne. It is currently valued by feedlots and private producers at an average of \$52.93/barley silage and \$57.87/tonne for corn silage. Silage is rarely bought or sold, however it is useful for feedlots and producers to establish a market value on this commodity that is reflective of their investment and opportunity cost. A long time rule of thumb has been to value silage at 10-12 times the price of feed barley, however in discussions with specialists and producers, this may no longer apply. It's reported that many producers used to use \$40/tonne and have started using \$50/tonne recently. Other anecdotal reports suggest barley silage is valued at \$40-45/tonne, alfalfa silage at \$45-50/tonne and oat silage at \$35-40/tonne in central Saskatchewan.

**Straw** has actually increased in value since September when it was reported as being worth \$47.99/tonne. It is currently listed at \$66.14/tonne and there has been a noticeable increase in listings. Many livestock producers have opted to incorporate straw in their feed rations to achieve a lower cost ration. That may partially explain the increase over the fall and winter months. As well, in some regions of the province, it is reportedly very hard to access straw for either feed or bedding, so producers may be willing to pay more for it. At this time last year, straw was reportedly worth \$40-47/tonne compared with the current value of \$66.14/tonne.



**Clover** prices have fluctuated since September when it was reported at \$192.90/tonne however there are few listings which makes it challenging to establish an accurate average. Values this past fall dropped to \$81.65/tonne in November and more recently were reported at \$143.30/tonne in December although none is reported as trading in January. Last year at this time, it was reported at \$126/tonne, but again, there are few listings. Many producers use clover as a cover crop when establishing new forages, and with the exceptionally dry planting season in 2015, producers reportedly postponed seeding forages. If more forage acres are established in 2016, perhaps clover will be a more regularly traded commodity once again.

There were no listings for **Organic Hay** in January, 2016 and few throughout the fall and winter months. It was reportedly worth \$191.07 in September, and was listed at a low of \$132.28/tonne in November

and again at \$179.12/tonne in December. Compared to one year ago when it was listed at \$137-184/tonne, values are relatively stable for this commodity. In Alberta, there were four listings of organic hay noted, they averaged \$256.88/tonne which is substantially higher than the few listings in Saskatchewan. The authenticity of organic hay cannot be verified through this survey.

**Standing Hay** was reported in September, 2015 as being worth approximately \$38/tonne for stands with more grass and \$55/tonne for stands with more alfalfa, however these values are hard to establish and vary greatly among regions and specific agreements. Many producers have long-standing contracts for standing forages, and some use per acre rates, per bale rates or other formulas specific to their arrangement. The tumultuous forage prices also caused many farmers to assign higher than normal values for their standing greenfeed crops.

The Saskatchewan Ministry of Agriculture developed a free online calculator in 2014 to assist producers in determining the cost of producing hay, the value of standing hay and a hay rental share that meets the needs of the tenant and the landlord. The Hay Share Calculator version 1.3 can be accessed [HERE](#).

Information on standing rates relative to the dehydrated alfalfa market can be found in a later section of the report.

### **Small Square Bales**

As with all types of forages this year, small square bale prices also increased in 2015-2016. The prices obtained are based on listings from the fall months up to and including January, 2016 and were obtained primarily from on-line classified ads. Compared to listings in the September 2015 report, most average square bale prices went down, such as alfalfa, grass, and unspecified hay. The average price of alfalfa/grass and straw did increase, however. Compared to values reported in January of 2015, the prices of square bales has increased overall, and for some categories risen more than \$2/bale, particularly for alfalfa and alfalfa grass. Straw saw the least dramatic increase in price from \$3.00/bale as reported in 2015 up to its current average price of \$3.38/bale in January, 2016.

Assuming an average square bale weight of 65lb/bale, average square alfalfa or alfalfa/grass hay is priced at \$243-255/tonne.

**Table 6. Square bale asking prices across Saskatchewan in 2015-2016**

<b>Forage Type</b>	<b>Average Price (\$/bale)</b>	<b>Number of Offers</b>
<b>Alfalfa</b>	7.50	3
<b>Alfalfa/Grass</b>	7.17	6
<b>Grass</b>	5.63	4
<b>Unspecified Hay</b>	4.50	2
<b>Straw</b>	3.38	6

### **Dehydrated Alfalfa and Timothy Products**

There are currently three alfalfa and timothy processing plants located in Saskatchewan, making it challenging to establish a benchmark for prices.

All plants produce a variety of sun-cured products (i.e. made from pre-baled alfalfa) and dehy products (i.e. made from standing alfalfa). Companies do not currently have a standing rate for raw product as it is the off-season, and payment terms differ greatly depending on the company.

Table 7 depicts the average price for sun-cured and dehy products in Saskatchewan from the 2015 growing season. Products are sold by quality and not all facilities offer similar products.

**Table 7. Average Saskatchewan Processed Alfalfa Product Prices for 2015-2016**

<b>Product Type</b>	<b>Price (\$/Tonne)</b>	<b>Quality</b>
Dehydrated Alfalfa Pellet	\$257.50	17% Crude Protein
Suncured Alfalfa Pellets	\$237.50	15% Crude Protein
Organic Suncured Alfalfa*	\$310	15% Crude Protein
Dehydrated Alfalfa Cubes*	\$350	15% Crude Protein
Dehydrated Timothy/Grass/Alfalfa Cubes*	\$400	12% Crude Protein

\*only one plant reporting.

At the current time there are no Saskatchewan processing facilities involved in exporting compressed timothy, however this is an active sector in Alberta. Alberta sales representatives commented that the dry growing conditions in Alberta at the time resulted in below average yields for timothy crops, however the quality was slightly better than average.

All suppliers confirmed that the export market is very slow following a port issue that took place during December, 2014 through to January, 2015. During that time, a large amount of American compressed products destined for Asian markets in Japan, Korea, South Korea, Taiwan and China was held up at the port and could not be shipped. This issue led to a glut in the North American market which combined with a better than average timothy crop in the U.S. in 2015. There is currently more than enough supply for the market and it is anticipated that will continue into the 2016 market year.

Table 8 shows current price ranges for compressed timothy in Alberta as reported by retailers. Prices vary by quality, and it was noted that the price for export utility compressed timothy was actually lower than domestic prices in Alberta in 2015-2016.

**Table 8. Average Alberta Compressed Timothy Prices for 2015-2016**

<b>Product Type</b>	<b>Price (\$/tonne)</b>
Premium compressed timothy	\$250-275
Choice compressed timothy	\$220-250
Standard compressed timothy	\$175-200
Utility compressed timothy	\$120-130

## 5) Regional Forage Pricing Trends

Throughout the fall and winter months of 2015-2016, there continued to be a variation in forage pricing between regions of Saskatchewan.

Table 9 shows the variation in pricing delineated by forage crop and region in Saskatchewan for the months of October, 2015 through to including January, 2016.

**Table 9. 2015-2016 Saskatchewan Average\* Forage Crop Prices by Region**

Region	\$/Tonne							
	Alfalfa	Grass	Alfalfa/ Grass	Greenfeed	Yellowfeed	Straw	Yellow Sweet Clover	Organic Hay
South West & South Central	191.03	-	187.83	159.83	-	55.13	81.65	132.28
South East	-	110.76	122.47	124.93	-	68.01	143.30	-
East Central	132.27	92.19	144.63	111.50	165.35	50.10	97.98	132.28
Central & West Central	151.39	-	143.41	113.07	102.88	46.91	-	179.12
North West & North Central	-	151.03	158.72	119.57	102.88	-	-	-
North East	115	-	137.79	110.23	-	-	-	-

\*Averages reported are simple averages.

### ***A) South Central and Southwest Regions***

While late summer and early fall forage outlooks showed prices in these regions to be the highest across the province, the area experienced a late summer that was wetter than normal, followed by a mild and warm winter. This alleviated pressure on forage prices greatly, and producers were able to extend their grazing season on stockpiled forage or crop residue until Christmas time, if not longer. The warm temperatures enabled producers to meet livestock requirements without having to provide costly forages for longer than normal, reducing the demand for baled hay considerably.



Most producers did have lower than average hay yields, and many will be feeding hay they had reserved on hand from previous years. While many farmers try to maintain a year or year and a half supply of forage on hand, it is projected that producers will use up a lot of stored feed this winter. More producers made use of greenfeed than normal, using baled annual crops to make up for the forage shortfall. Some producers were even able to get a second cut off of cereal crops that were previously baled, which is very rare for the region.

While hay prices have softened since the summer and early fall, it is currently estimated at \$165/tonne with higher prices on the west side of the region than on the east. The weather for the remaining winter and spring months will have a strong impact on forage prices. Periods of extreme cold or a delayed spring could cause a sharp increase in prices. Many are utilizing alternative feed sources, such as straw, pellets or feed grain to help stretch their resources while meeting the needs of livestock.

There has been no early indications yet of how many acres of forage are anticipated to be planted in the region in 2016 however there has been mention that grazing rates may increase generally due to the potential shortage of feed resources as producers head into spring.

### ***B) South East Region***

The region, while very dry in some areas in 2015, did experience generally good fall precipitation. Anywhere from 75-250mm of rain fell in the area which means producers have reason to be optimistic as they go into the spring of 2016. This fall precipitation also facilitated good fall grazing opportunities and many producers opted to graze annual crop residue. Producers grazed long into the fall and early winter due to the excellent mild weather conditions and later than normal growth.

Not a lot of hay is trading currently. Annual cereal greenfeed and standing corn did take some pressure of the hay market as the fall wore on. As farmers started to harvest, it became apparent that there would be sufficient straw, feed grain and screenings for pellets and other alternative feedstuffs to reduce the price pressure. The length and duration of the winter will continue to be a major factor in forage pricing however, as there is not an abundance of hay in the region. It is expected that many producers will not have a lot remaining at the end of the winter feeding period. Producers are concerned about next year's forage yields however it is unlikely that the region will see a surge in perennial forage acres seeded in 2016.

One issue producers in the southeast may want to monitor as they move into the 2016 hay season will be a potential surge in alfalfa weevils. During the 2015 hay season, weevils were present but in lower numbers than in 2014 where they dramatically reduced yields in many cases. However, following previous mild, open winter conditions similar to the current 2015-16 winter, weevil populations have spiked, causing decreased yields.

### ***C) East Central Region***

In 2015, the east central region experienced a very cool and dry spring, however starting in July, precipitation fell and forage and pasture conditions pulled through. Producers were able to keep cattle out grazing for longer due to the warm winter and reduced snow cover, something that isn't always possible in the region. While forage yields were estimated at being 25-30% less in 2015 compared to average, quality as a whole was very good, particularly compared with the low quality of the previous 2014 season.

With the drier conditions early in the season, a lot of acres of land that had been flooded the previous year started to dry up. As producers gain access to that land again in the upcoming 2016 season, it is anticipated that there will be forage re-established on those acres.

Producers in the region are fairly reliant on stored feed, and there is not as much stockpiled, swath or corn grazing as what takes place as in other regions. There did seem to be enough forage available, second cuts were very high quality and producers are generally well set up with on-farm supplies. A lot of hay moved or traded outside of the region to other areas or provinces. There was a lot of greenfeed baled compared to other years, so producers filled any potential voids with that, as well as other alternative feed stuffs such as oat hulls or pellets.

Silage yields were fairly close to average and quality was decent, in most cases far exceeding bred cow requirements.

#### ***D) Northeast Region***

The region experienced very good soil moisture levels from mid-June through to freeze up, although it was initially dry early in the spring. The winter has been milder than normal with warm temperatures and the later arrival of snow in November, with little snow since. These conditions have really reduced pressure on hay supplies.

Hay inventories are good and most producers will have enough hay for the winter, particularly if the weather continues to be mild. Hay quality was relatively good considering many producers had to deal with rain during haying season, and second cuts of hay were taken when possible. There seems to be hay trading out of the region to other locations. It is too early to tell at this point if producers are planning on seeding more acres to perennial forages in the upcoming season.

After the initially dry spring, many producers chose to divert acres of cropland into greenfeed, so there was more greenfeed baled in 2015 than normal. Silage yields were good as was quality.

#### ***E) Central***

Going into winter, hayland and pasture topsoil moisture conditions were adequate across much of the region, although there are still areas that are lacking moisture. Adequate snow cover will be necessary for the region's pastures to get off to a good start in 2016.

Hay supplies across the region are adequate due to the late season rains which created an opportunity for second cuts. The area reported average or below average hay yields, however there was little or no hay carried over from the previous season and it is anticipated there will be little hay remaining on hand following the 2015-16 winter feeding period. Quality was average or slightly lower than average and some supplementation may be required to meet the energy and protein requirements of livestock.

Many producers were able to extend their grazing season or extensive feeding practises with stockpiled grazing, swath grazing and stubble grazing much later than expected due to the mild winter weather. This reduced dependency on somewhat limited stored hay supplies, and the mild temperatures reduced feed consumption, further relieving pressure on supplies and prices. If mild conditions persist, cows will move into calving season in good condition.

The late season moisture enabled producers to take second and even third cuts of hay, although there may be concerns about winterkill if cutting was pushed into the critical period of six weeks prior to a killing frost. While there was frost in October, it was relatively mild and producers who pushed for a late second or third cut may end up all right but it will be something to watch for 2016.

The later than normal haying conditions also prompted many producers to try silage or haylage as temperatures were too low to allow forage to cure otherwise. Silage making was also delayed in many cases and there was concern about the ability for the forage to ferment properly and prevent mold growth. This may result in reduced quality.

It can be challenging to source straw in the region, although many producers do have adequate straw on hand. Producers short on feed will be supplementing with straw, feed grains or pellets. Some producers were concerned about consequences of feeding alternative feeds with anti-nutritional qualities, such as high fibre, oil or sulfur contents, however the consequences of sourcing some of these alternate feeds have yet to present themselves.

There is not a lot of hay currently trading in the region. It is anticipated that yields for the upcoming season will need to be good or above average to prevent prices from increasing again. After the extreme prices of 2015, several producers are considering forage insurance for the upcoming growing season.

#### ***F) West Central***

Following a very dry spring and summer, precipitation arrived in late summer and fall which enabled some unanticipated fall grazing. The rain allowed for second growth in annual crops, as well as on crops that had been previously hailed, and there was also good regrowth on some of the pastures as well. With the open fall and mild winter conditions, producers were able to utilize fall grazing late into the season, further conserving their feedstocks.

Hay inventory from 2015 is in short supply. Many parts of the region did not cut any hay, while in areas where hay was cut, the yields were very low, although the late summer rains did allow for some second cuts of hay. Due to lower quality of grain, as well as the demand for more feed, many acres of crops were diverted to greenfeed which helped to alleviate pressure on the low hay supply. The greenfeed crops utilized include some non-traditional sources like durum and canola, meaning feed testing and ration balancing is necessary. Some of the greenfeed was also cut as yellowfeed, including some crops that were cut after second growth emerged.

There is not a lot of hay trading around the region although some is evident. Prices peaked during mid-summer then softened as second cut hay and more greenfeed was harvested.

Typically, there is not a lot of silage harvested in the region, however after a severe hail storm around Kerrobert, some silage was harvested opportunistically. There was more supply than demand, so prices for this product were not high.

While there hasn't been evidence of producers planning on seeding more perennial forages in 2016, it is anticipated that the elevated hay prices, softer grain market and disease pressures may cause producers to strongly consider it.

### **G) Northwest and North Central**

With little snow and good weather, cattle were able to graze later than normal in the region. Pastures are generally in good condition, however like always, some are stressed due to management.

Hay inventories are holding up well, particularly due to the mild winter weather. Traditionally there is excess hay and not a lot of winter grazing taking place in the region, however the mild temperatures have enabled many producers to graze for longer. While there is an availability of forage in the area, quality is a concern, and a lot of forage was baled later when the plant was more mature. As there is a fairly good inventory on hand, producers are not using an abundance of alternative feed sources such as pellets, straw or greenfeed.

While there isn't typically a lot of silage put up in the region, the producers who did harvest silage were pleased with yields and quality.



Prices across the region are variable, and it is priced from \$40 to \$100/bale depending on quality, type of forage and weight.

#### **6. Current Alternative Feedstuff Prices**

The high cost of forages this past season prompted many producers to seek alternative feedstuffs and by-products to meet the needs of their livestock herds. While many backgrounders and feedlot operators have been incorporating lower cost pellets and supplements for a long time, more cow-calf operators are also choosing to make use of them this year to balance a lower cost ration.

In 2012, the Saskatchewan Ministry of Agriculture has developed a Feed Value Calculator (version 2.4) to assist producers in determining the value for different feedstuffs using current market conditions. The calculator can also assist producers in comparing available feeds offered for sale using the specific nutrient contents from feed analysis. The calculator can be downloaded [HERE](#).

Generally, the price of alternative feedstuffs such as screening pellets, canola meal or distillers grains follows that of forage and feed barley. Feed barley prices are currently at \$161.88/tonne which is higher compared to where they were at one year ago at \$146.10/tonne. Reported averages for screening pellets have increased as well, with some mills reporting lack of availability due to high demand. Table 10 lists average prices for a variety of alternative feed sources in Saskatchewan, unless otherwise specified, they are reported as Freight on Board (FOB).

**Table 10. Alternative Feedstuff Prices and Availability**

<b>Commodity</b>	<b>Price</b>	<b>Details</b>	<b>Availability</b>
Barley Screenings	\$130/tonne	Barley thins and screenings	Good
Canola Meal	\$260-309.50/tonne	Loose	Poor to Good
Canola Meal	\$300/tonne	Loose, only ship wholesale	Good
Canola Meal	\$319.50/tonne	Pellets	Poor
Alfalfa Pellets	\$257.50/tonne	17% CP – dehydrated	Good
Alfalfa Pellets	\$237.50/tonne	15% CP – suncured	Good
Grain and Grain Screening Pellets	\$160-\$245/tonne \$194/tonne average	13-20% CP, bare with no add-ins	Poor to Good. Some facilities have no availability whereas others have lots
Fortified Grain and Grain Screening Pellets	\$181-\$276/tonne \$215/tonne average	12-20% CP, fortified with Rumensin, vitamin/mineral mix	Poor to Good. Some facilities have no availability whereas other have plenty.
Malt Sprout Pellets	\$165/tonne	15% CP	Good.
Corn Dried Distillers Grains	\$220/tonne		Contracted.
Wheat Dried Distillers Grains	\$200-205/tonne		Contracted.

**Grain screenings** include cracked or broken grain kernels as well as chaff, weed and other crop seeds. Many grain handling facilities contract their screenings out ahead of time to existing customers and unprocessed screenings are usually moved out quickly. Prices and availability for screenings is regionally dependent. Reported average barley screenings are currently \$130/tonne.

**Canola meal** is the protein-dense product left remaining after canola is crushed for oil. There are several canola crushing facilities across Saskatchewan including facilities in Nipawin, Yorkton and Clavet. As of January 13, 2016, the Ministry of Agriculture reported that canola was trading for \$451.46/tonne compared with \$421.42/tonne a year ago. The Canola Council of Canada reports that the average price of canola meal from the 2015 crop year was \$348.55/tonne which is the lowest it has been since 2012. Current canola meal prices in Saskatchewan \$260-320/tonne so there is a wide range of prices, however some retailers surveyed sell wholesale product only. The price for canola meal has remained relatively stable since last year's reported price of \$287/tonne.

**Alfalfa pellets** include dehydrated alfalfa or suncured alfalfa pellets. Prices are currently at \$237-\$257/tonne which fall within the range of last year's January reported price of \$220-260/tonne. The USDA Kansas City Ag Market News is reporting alfalfa pellets valued at \$250USD/ton, which is approximately \$400/tonne at the current Canadian dollar (2016<sup>1</sup>).

**Grain and grain screening pellets** are available to producers from a number of different retailers across Saskatchewan. It is a challenge to compare one product to another due to variability in product consistency, amount of grain present, guaranteed percentage of crude protein (CP) and distance for freight. Pellets may be fortified with vitamins, minerals and an ionophore additive (such as Rumensin™), which costs an additional \$10-13/tonne.



Pellets may be used in feedlot, backgrounding, cow-calf, range or finishing operations and availability ranges greatly from one retailer to another, particularly this year. The average reported price across facilities for bare grain/screening pellets is \$194/tonne which shows a \$20/tonne increase since this time last year. Fortified pellet prices have also increased and current prices average out at \$215/tonne compared to \$194/tonne in January of 2015. An increase in demand resulted in some low availability and many facilities currently have a waiting period of 2-4 weeks for products. Other retailers have not had an interrupted supply. In past years, livestock producers have expressed concern over the quality of pellets due to increased levels of ergot and fusarium. These diseases were not an issue in Saskatchewan this past growing season, so demand has been very strong overall.

**Barley malt sprout pellets** are comprised of the dried mash left remaining after the fermentation process. Typically barley malt sprout pellets are nutritious enough to meet the demands of a beef cow and current average price in Saskatchewan is \$165/tonne.

**Distillers grain products** are the by-products remaining following ethanol production. Different distillers products that can be used as livestock feed supplements include wet distillers grains, dried distillers grains and distillers syrup. The current average price for wheat distillers grains are \$200-205/tonne which is stable compared to last year's average value of \$200/tonne. Most facilities contract their by-products in advance.

**Feed grains** impact both forage and livestock prices and are slightly higher than last year. From the Ministry of Agriculture's Market Trends for Crops and Livestock report, current feed barley prices are reported as being \$161.88/tonne, compared with \$146.10/tonne in January of 2015. Current feed wheat prices have increased to \$179.58/tonne from \$159.29/tonne last year at this time. Through additional Saskatchewan Forage Council grain price surveys, it was determined that the current average price of feed durum is \$146/tonne which is lower than last year's average of \$181/tonne. This is consistent with the price of No. 1 durum in general, however, as it has dropped at least \$40/tonne in the past year.

## 7. Forage Price Trends in Neighbouring Jurisdictions

Alberta and Manitoba both experienced similar weather during the growing season as Saskatchewan. The cool, dry spring resulted in a forage deficit in Alberta, whereas Manitoba achieved slightly higher than average hay yields across the province. Montana experienced some drought, particularly in the western portion, however the mild winter has helped soften the price and demand for hay. North Dakota also reported lower than average hay yields, however the lack of feed listings indicates the current demand is not strong. Greenfeed and straw likely reduced pressure on hay prices in all jurisdictions as there were several listings earlier in the fall. There is little hay listed or trading currently in Montana or North Dakota, while Alberta and especially Manitoba have a fair number of listings. Table 11 represents current forage prices.

**Table 11. Forage Prices in Adjacent Provinces and States**

Forage Type	Alberta		Manitoba		Montana		North Dakota	
	Price Range	Avg Price (\$/Tonne)	Price Range	Avg Price (\$/Tonne)	Price Range	Avg Price (\$/Tonne)	Price Range	Avg Price (\$/Tonne)
Alfalfa	\$200-\$270/T	\$238	\$154/T	\$154	\$160-\$240/T	\$200/T	\$154-223/T	\$190/T
Alfalfa/Grass	\$176-237/T	\$210	\$59-\$110/T	\$92	\$160-200/T	\$183/T	\$128-137/T	\$130/T
Grass	\$198/T	\$198	\$68-85	\$74	\$192-200/T	\$195/T	\$139-192/T	\$152/T
Straw	\$65/T	\$65	-	-	\$55-93/T	\$72/T	\$84-92/T	\$87/T
Green-feed	\$167-182/T	\$174	-	-	\$216/T	\$216/T	\$137/T	\$137/T

\*American prices have been converted to current CDN currency values at \$1USD = \$1.45CDN

### **Alberta**

Alberta experienced dry and cool conditions in the early part of the growing season in 2015. A lack of rain put pressure on pastures and hay crops across the province, particularly in the Peace Country as well as areas in southeast Alberta, near Medicine Hat. Areas near the Saskatchewan border likely have the most impact on Saskatchewan's hay prices, and the dry conditions that southeast Alberta experienced had a major impact on southwest Saskatchewan's hay prices and availability across the province in general. There were reports of Alberta producers "panic buying" hay in the late summer, paying more than double last year's price for hay from as far away as Manitoba's Interlake region.

While the late summer and fall brought much needed precipitation generally across the province, many parts of Alberta continue to experience drought, including areas north of the Peace Region as well as areas north and west of Edmonton (Alberta Agriculture and Forestry, 2016). The North American Drought Monitor reported that as of November 30, 2015, most of Alberta and British Columbia were abnormally dry and experiencing pockets of moderate to extreme drought.

The unseasonably warm winter conditions of 2015-2016 has also reduced producers' need for forage resources, and Environment Canada predicts that the remainder of the winter will be warmer than normal (Environment Canada, 2016). This may continue to alleviate forage prices in Alberta, and subsequently some areas of Saskatchewan.

There were reports of more crops than normal being diverted to greenfeed in Alberta, which also helped to gradually mitigate high forage prices as well as producer concerns. Crops that were baled early regrew in some cases, allowing farmers to leave cattle to graze stubble longer into the fall.

While hay was priced around \$242/tonne in late summer, it has dropped back down to around \$187.39 according to reports. Greenfeed prices have dropped to around \$143/tonne although there is not much feed in general moving at this point. Many producers have been incorporating a lot of straw and alternative feed sources in their rations and lots of straw is trading. Currently, anecdotal reports show that wheat straw is worth around \$70/tonne and pea straw is \$110/tonne in southern Alberta.

### ***Manitoba***

Manitoba experienced a dry start and cool weather this past spring however warm temperatures and precipitation arrived in time to allow for a slightly better than average hay crop. Producers are reporting adequate to surplus supplies, and an unseasonably warm winter in Manitoba allowed for an extended grazing season, further reducing the dependence on stored forages. The long, warm fall also enabled farmers to obtain late fall cuts of hay in some cases.

The Manitoba Forage and Grassland Association is reporting all regions having lower prices and a lower demand for hay. It is estimated that prices are reduced by around 0.5-1 cent per pound, or \$11-22/tonne, with the exception of good quality alfalfa. Currently, dairy quality hay is reportedly worth \$198/tonne, standard alfalfa is worth approximately \$138/tonne, and standard alfalfa/grass hay is worth around \$82/tonne. Straw is currently priced at \$33-\$55/tonne.

There have been a lot of reports of producers selling hay into Alberta, and many transporters commented that hauls are much farther than they have ever been in recent memory. There is not a lot of reports of hay moving from Manitoba into North Dakota, however with the US dollar having ever-increasing purchasing power in Canada, there may be an opportunity for Manitoba hay growers to export hay south. There continues to be a good supply of hay in the U.S. however, so it is uncertain how much demand there is.

### ***Montana***

Parts of Montana experienced dry weather, particularly early in the season, however the demand for hay that was seen earlier this fall has softened somewhat for most classes of forage, including alfalfa, mixed hay and grass. The U.S. Seasonal Drought Outlook does not look good for the 2016 growing season, however, as the western part of Montana is expected to persist in a drought with the rest of the entire state forecast to have a drought develop in 2016. As producers look towards the 2016 growing season, hay demand may pick up.

### ***North Dakota***

Early in the growing season, there were drought-like conditions reported in North Dakota as well as below average hay yields. Prices have remained stable from fall reports, however there is very little hay moving or listed. Alfalfa hay prices have dropped substantially since the fall and greenfeed values have dropped slightly. Straw, grass and alfalfa/grass have all increased slightly. According to the U.S Seasonal Drought Outlook, drought is likely to persist in an area between Bismarck and Jamestown at least until the start of the 2016 growing season. This may impact the statewide demand of hay, particularly if the drought area expands.

The current disparity between the CDN and USD make it challenging to compare today's hay prices in the US with last year's prices. As of January 13, 2016, the CDN\$ was trading at \$0.6971 USD compared to

\$0.8363 USD in January, 2015. The vast difference in hay trading in USD\$/ton compared with CDN\$/tonne is demonstrated in the below table, comparing the values reported in the USDA Weekly Prices for Montana for the week ending January 14, 2016.

## **8. 2016 Provincial Forage Market Projections**

Saskatchewan reported well below average hay yields in 2015 and quality was average or slightly better than average for the province. The cool and dry conditions early in 2015 significantly hampered yields and producers who planned to seed tame forage in many cases postponed. As summer wore on, however, rain fell, bolstering pastures and allowing farmers to obtain additional cuts of hay or realize better than anticipated greenfeed yields.

There were many reports of producers taking a second or even third cut of hay within the critical period of six weeks prior to a killing frost. Producers seemed willing to risk winterkill in their stands in order to acquire more hay. The warm temperatures of this past fall may have tempered the risk of winterkill, however it will be something to monitor for the upcoming growing season.

The fall and winter of 2015-2016 has been unseasonably warm and mild, with many regions staying open until mid-December when snow fell. Some farmers were able to conserve forage resources by letting cattle graze for longer than normal. Other farmers took lower valued forages or straw and supplemented with alternative feeds and grains in order to meet their needs in a more economical manner.

Currently, many regions across Saskatchewan are reporting adequate forage supplies. While supplies may be adequate, it is anticipated that there will not be much excess forage remaining at the end of the winter period, particularly if cold temperatures take hold. Many producers are relying on pre-existing feed supplies to help them get through the 2015-16 winter, therefore there may be less carryover going into the next season.

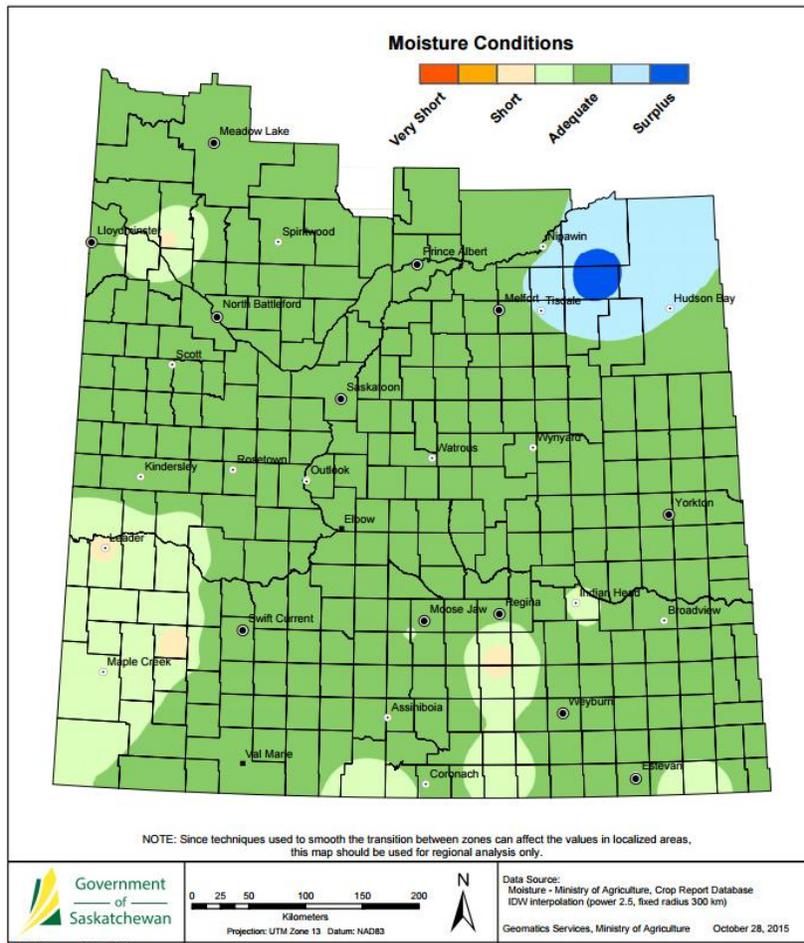
Domestic demand for forage was so high within Saskatchewan and neighbouring provinces that little hay was reported to be moving stateside, even though the USD holds more purchasing power than normal. If forecasted droughts take place in the neighbouring states, Canadian hay producers start marketing hay to the U.S. once again.

While the record high forage prices realized in 2015 were hard to ignore, most people surveyed did not think that there will be an appreciable increase in conversion of cropland to tame perennial forage in the near future. Producers who had initially wanted to seed forages in the spring of 2015 but postponed planting due to drought may follow through with seeding in 2016 however. There were also reports that previously flooded areas in East Central Saskatchewan dried up in 2015, and producers will be looking to reseed those areas to forages, so there may be an increase in tame seeded acres, although this is dependent on spring weather conditions.

Cattle prices remained high for most of the fall run in 2015, although they were slightly lower than the previous year. Optimism remains high, however, and the most recent herd inventory report in July indicated that Canada's cattle herd was still shrinking. January 2016 herd inventory numbers have yet to be released.

As demonstrated in Figure 3, hay and pasture topsoil conditions are reported as adequate for the majority of Saskatchewan as of October of 2015. Environment Canada forecasts that it is probable that central Saskatchewan will receive above normal levels of precipitation in the next four to six months. Environment Canada also forecasts an increased probability of warmer temperatures for the same period. Weather will remain the biggest factor affecting forage yields, pests, diseases, growing conditions and subsequent prices for the 2016 season. Given the dramatic increase in prices last year, however, as well as projected lower on-farm feed supplies remaining after the 2015-16 winter period, it is anticipated that 2016 prices may be above the long term average.

**Figure 3. Hay and Pasture Topsoil Moisture Conditions as at October 26, 2015**



**Source:** Saskatchewan Ministry of Agriculture, 2015<sup>4</sup>

### 9. Forage Seed Prices

The average retail price of commonly purchased and seeded forage species in Saskatchewan is presented in Table 12. This information is meant to reflect general forage seed prices at the current time. Prices represent certified #1 seed, unless otherwise specified, and were obtained from the major seed retail companies in Saskatchewan.

Native seed prices listed are current January 2016 prices as per the major forage retailers however prices fluctuate regularly for these species depending on demand and availability. There are several native seed growers who harvest and market seed directly across western Canada. A listing of native seed producers may be found through the Native Plant Society of Saskatchewan at [http://npss.sk.ca/docs/2\\_pdf/Native\\_Plant\\_Source\\_List\\_2013\\_-\\_revised.pdf](http://npss.sk.ca/docs/2_pdf/Native_Plant_Source_List_2013_-_revised.pdf)

Producers should contact seed companies or distributors for specific information related to product attributes and availability as well as any guarantees of quality, certification or other parameter that are specific to that company, species or variety.

**Table 12. Average Forage Seed Prices in Saskatchewan as at January 15, 2016**

<b>Class</b>	<b>Species</b>	<b>Average Price (\$/lb)</b>
<i>Grasses</i>	Carlton Smooth Brome	\$6.28
	Smooth Brome (Common)***	\$6.56
	Fleet Meadow Brome	\$6.28
	Meadow Brome (Common)***	\$6.56
	Hybrid Brome***	\$6.35
	Russian Wildrye	\$6.42
	Tall Fescue	\$3.76
	Fairway Crested Wheatgrass	\$6.07
	Kirk Crested Wheatgrass	\$5.57
	Crested Wheatgrass (Common)*	\$4.40
<i>Legumes</i>	Alfalfa - hay variety	\$5.13
	Alfalfa - creeping root	\$5.02
	Alfalfa (Common)***	\$4.90
	Cicer Milk Vetch	\$4.63
	Sainfoin	\$4.73
	Alsike Clover***	\$4.08
	Norgold Sweet Clover	\$3.16
	Common Sweet Clover	\$2.72
	Hairy Vetch**	\$4.33
<i>Native</i>	Western Wheatgrass	\$12.36
	Northern Wheatgrass***	\$13.25
	Slender Wheatgrass	\$4.27
	Green Needlegrass***	\$22.42
	June Grass***	\$30.08
	Canada Wildrye***	\$14.33
	Purple Prairie Clover (legume)***	\$46.63

\*one company reporting

\*\*two companies reporting

\*\*\*three companies reporting

In general, forage seed prices have increased across the board for all species. Some species have increased approximately 20% for alfalfa, while other species, such as crested wheat grass, has increased approximately 40% and Carlton smooth brome has increased by around 50%. Some forage seed suppliers speculate that the increase in forage seed is due to lower supplies. The low supplies are attributed to older stands, poor yields, new stand failures as well as weather related issues, such as drought and flooding for forage seed producers.