Hay Production, Hay Stocks and Stockpiled Forage

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By the time this article is published the July Cattle Inventory report will have been released by USDA. The numbers most people have their eyes on are heifer retention and change in cattle inventory. (Maybe there will be more on that topic in the September article.) Profitability is the economic driver for heifer retention and changes in inventory. However, forage availability is the primary production factor impacting heifer retention and cattle inventory. Thus, it appears this is an appropriate time to discuss hay production, May 1 hay stocks, fall forage availability and how they will play into the cattle markets the next several months.

The May 1 hay stock number provides information concerning how producers faired through the winter as it relates to feeding hay and the hay base prior to the current production year. National hay stocks as of May 1 were 24.5 million tons which is 27.9 percent higher than the previous year. Stocks in 2015 are the highest hay stocks have been on a national level since 2005 when stocks were 27.8 million tons. The figure accompanying this article shows the percent change in hay stocks for each state. Tennessee hay stocks were 630,000 tons as of May 1, 2015 which was the same as the previous year. May 1, 2015 hay stocks in Tennessee were greater than the ten, twenty and thirty year average. It is also important to emphasize the significant increase in hay stocks in the Southern and Northern Plains which are known for cow-calf production and stocker cattle production.

Based on the June Acreage Report released the last day of June, USDA forecast total hay acreage harvested in 2015 to be 56.5 million acres which is 553,000 acres fewer than the previous year. Total hay production in 2014 totaled 139.8 million tons which was 3.6 percent higher than 2013 hay production. Similarly, Tennessee harvested hay acreage appears to be on the decline. USDA has forecast Tennessee harvested hay acreage in 2015 to decline 2.6 percent from 2014 to 1.72 million acres. If the forecast turns out to be correct then it will be the fewest acres harvested for hay in the state since 1994. Total hay production in Tennessee in 2014 was 3.89 million tons which was a 12.1 percent decline from 2013.

The question remains, what will total hay production be in 2015 and how will it compare to 2014 production? Many parts of the country have received ample rainfall through the spring and summer to this point to promote forage growth and produce hay. However, the same rains promoting forage production have either delayed hay harvest or resulted in hay being rained on. It appears there will be pretty strong hay production numbers, but the hay may be of a lower quality than is normally harvested.

Not to be overlooked is stockpiling forage. In the near future, many producers will be applying nitrogen to pastures to stockpile forages for fall and winter grazing. Additionally, some producers will be planting small grains for grazing. Fall weather conditions will be integral in determining the quantity of forage stockpiled and thus the number of grazing days available to the cattle herd.

So, what does this mean for the cattle industry? To this point and nationally speaking, it appears there will be ample forage supplies supporting producers' desire to expand the cattle herd. Any signs of drought or degradation of forage conditions could hamper cattle industry expansion. However, current conditions bode well all across the nation and should support feeder cattle prices in Tennessee.

It is likely producers in states such as Texas, Oklahoma, and Missouri will continue expanding their cattle herds at a torrid pace which should support prices for high quality heifers. It is evident the cattle herd continues to expand with federally inspected heifer slaughter down 9.3 percent through June compared to one year ago and beef cow slaughter down 17.3 percent over the same time period. The pull on high quality heifers to enter the breeding herd will continue to support the feeder cattle market as feedlot operators will continue searching for cattle to fill pen space.

The take home message is that weather, forage and market conditions remain conducive to beef cattle herd expansion. The two things that can provide the most resistance at this point are changes in cow-calf profitability and forage availability. Producers are encouraged to evaluate anticipated winter feed needs as well as hay and forage stocks to determine the most profitable production path.